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# British High Commission Tanzania: Sustainable Growth and Investment Partnerships Evaluation

*Evaluation Report*

December 2025



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## Acronyms

ASDP	Agricultural Sector Development Programme
BBG	British Business Group
BHC	British High Commission
BII	British International Investment
BIP	Business and Investment Plan
C4G	Corridors for Growth
DBT	Department for Business and Trade
DFI	Development Finance Institute
DFID	Department for International Development
EAC	East African Community
EU	European Union
FCO	Foreign and Commonwealth Office
FCDO	Foreign, Commonwealth and Development Office
FDI	Foreign Direct Investment
FSD	Financial Sector Deepening
FYDP	Five-Year Development Plan
GDP	Gross Domestic Product
GGF	Green Growth Facility
GNI	Gross National Income
HMG	His Majesty's Government
HMRC	His Majesty's Revenue and Customs
IDA	International Development Association
IDS	International Development Strategy
IGC	International Growth Centre

IMF	International Monetary Fund
JAP	Joint Action Programme
MPP	Mutual Prosperity Partnership
NMB	National Microfinance Bank
ODA	Official Development Assistance
ODI	Overseas Development Institute
OPM	Oxford Policy Management
P4P	Partnership for Prosperity
PIDG	Private Infrastructure Development Group
POPI	President's Office, Planning and Investment Commission
PPP	Public-Private Partnership
SET	Supporting Economic Transformation
SGR	Standard Gauge Railway
SME	Small and Medium-sized Enterprise
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TIC	Tanzania Investment Centre
TMA	TradeMark Africa
TNBC	Tanzania National Business Council
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
UKEF	UK Export Finance
WOW	Work and Opportunities for Women
ZIPA	Zanzibar Investment Promotion Authority
ZRA	Zanzibar Revenue Authority

## Executive Summary

The evaluation was commissioned by the British High Commission (BHC) Tanzania under the Foreign, Commonwealth and Development Office (FCDO) Evidence Fund. The overall purpose is learning. The primary aim is to identify opportunities to strengthen the UK's approach to economic development in Tanzania and improve the effectiveness of the BHC's interventions (both programmatic and non-programmatic), individually and in combination.

The evaluation commenced in December 2024. We conducted data collection in February and March 2025, followed by analysis and reporting writing (April to August 2025), with subsequent rounds of comments and revisions. The evaluation covered the period 2020 to April 2025. *Therefore, the findings, conclusions, lessons and recommendations reflect the period prior to the October 2025 election. Regional observer missions from the African Union (AU) and the Southern African Development Community (SADC), along with UN bodies, have stated that the general election fell short of regional and international standards and was mired by violence and serious human-rights violations.*

BHC Tanzania has operationalised a partnerships-based, 'whole-of-government' approach to support sustainable growth, investment and trade. Using an outcome harvesting methodology, the evaluation identified and validated key UK contributions to five strategic outcomes around strategic planning, tax reform, infrastructure, investment promotion and financial leverage. The evaluation demonstrates how outcome harvesting can be a useful method to understand and assess UK diplomatic influencing efforts beyond traditional official development assistance (ODA). The process included an inception phase and two rounds of in-country consultations, engaging over 60 stakeholders across the Tanzanian government, UK government departments, private sector, development partners and implementing organisations.

## Main findings

### Harvested outcome 1: Strategic planning

**What did the UK do?** The UK effectively supported the Government of Tanzania in its strategic planning process, together with suppliers and other development partners. The UK helped strengthen Tanzania's long-term development strategy (Vision 2050) by convening partnerships and providing supplier expertise to align the Government of Tanzania's priorities on growth, investment, gender and climate with global goals.

**What were the outcomes?** The UK's involvement supported the Government of Tanzania to increase prioritisation of economic and investment sectors in Vision 2050 and mainstream climate, gender and inclusion priorities, as well as strengthening the quality of the drafting. However, sector prioritisation could have been even stronger.

**What combination of levers worked well or not so well?** Combining UK-funded technical assistance (e.g., research and analysis), convening and partnership facilitation through trusted relationships (e.g., Oxford Policy Management (OPM) and Overseas Development Institute (ODI)) and UK diplomacy and convening power, including with other development partners, worked well in supporting Vision 2050. Key enablers of UK strategic influence included more favourable attitudes to private sector and investment promotion by the Tanzanian government, and close partnerships between the Tanzanian government and UK suppliers.

### **What are the lessons and opportunities for the future?**

- There is potential for the UK government and suppliers to continue to support strategic government priorities through the operationalisation of Vision 2050 (e.g., through five-year development plans) and government priorities (e.g., infrastructure).
- Long-standing technical partnerships and relationships (e.g. ODI and OPM), local presence, advisory support, and blending international expertise with local knowledge through a personal, trust-based approach remain important. However, these are reliant on institutional relationships which are vulnerable to staff turnover.

### **Harvested outcome 2: Tax reform**

**What did the UK do?** The UK has provided long-standing support to Tanzania's tax reforms, combining technical assistance and capacity-building. Recent support is shifting focus to strengthening reforms through diplomacy, convening and studies (e.g. KPMG) and representing private sector concerns.

**What were the outcomes?** The UK played a key role in driving momentum for evidence-based tax reform, contributing to the momentary shifts in tax practices and the establishment of the Presidential Tax Reform Commission. These efforts also coincided with improved tax collection performance (e.g. 2% tax to GDP ratio increase over the last decade), which is not attributable to the UK alone.

#### **What combination of levers worked well or not so well?**

- Sequencing of private sector-facing diagnostics (e.g., KPMG), UK expertise (e.g., His Majesty's Revenue and Customs (HMRC)) and technical assistance (e.g. International Growth Centre (IGC) and ODI), with escalation through UK-led diplomacy and convening (e.g., coordination of a formal development partner letter), worked well and delivered at least momentary adjustments to tax administration practices.
- Fly-in-and-out UK expertise did not appear as effective as more embedded advice.
- Notably the UK had previously provided long-term support to tax reform with substantial ODA funding, which now faces restrictions.
- Increased reform appetite within the Government of Tanzania was a critical contextual enabler, but this cannot be taken for granted

#### **What are the lessons and opportunities for the future?**

- The unique value of UK support was through demonstrating the private sector perspective through related research. There are opportunities to increase private sector engagement further through other avenues such as the British Business Group (BBG) and European Chamber of Commerce.
- Bilateral development partners' alignment with their own private sector interests, reinforced by a 20-year programming legacy, has helped strengthen the implementation of the Government of Tanzania's tax reform agenda, with further opportunities to engage British firms.
- UK is perceived as a trusted actor among both international partners and domestic stakeholders. However, engagement with the private sector could be better coordinated.
- Arbitrary and unpredictable shifts in taxation, weak relationships with the Tanzania Revenue Authority (TRA), limited uptake of external technical assistance, and lack of embedded support (e.g. fly in-and-out technical assistance), continue to constrain effectiveness.

### **Harvested outcome 3: Infrastructure**

**What did the UK do?** The UK supported Tanzania's infrastructure investment most visibly through the Dar es Salaam Maritime Gateway Project and UK export finance (UKEF) guarantees to infrastructure investments in Zanzibar, combining technical studies, investment transaction advice, and convening to unlock additional financing and major efficiency and investment gains.

**What were the outcomes?** Catalytic UK contributions to infrastructure development were made in Tanzania, ensuring larger funding went ahead through significant leverage effects (e.g., World Bank financing of the Dar es Salaam port expansion). The UK strategically shifted towards risk-backed, commercially oriented instruments designed to crowd in public and private capital (e.g. UKEF guarantees in Zanzibar).

#### **What combination of levers worked well or not so well?**

- The UK successfully blended programmatic and non-programmatic levers, including technical assistance and targeted ODA (also via centrally managed programmes), to unlock very large-scale public (e.g., World Bank financing) and private finance (UKEF guaranteed investments).
- The UK had indirect influence on business environment reform, most notably through its long-term partnership with Trademark Africa (TMA). The UK funded capacity building through long-term, embedded international expertise within the Tanzania Port Authority.

- Indirectly, the UK facilitated direct delivery of infrastructure works, predominantly funded by the World Bank, with limited ODA allocations still being considered high value.

#### **What are the lessons and opportunities for the future?**

- Infrastructure remains a long-standing Government of Tanzania priority, demonstrated by sustained interest in the Public Private Partnership (PPP) Centre. The UK has relevant experience and a positive track record of impact, even though some development partners remain sceptical about the maturity of PPP efforts.
- The Tanzanian government places strong trust in long-term UK partners, such as TMA, creating opportunities to maintain influence in key areas of reform with opportunities to continue operating in partnership with the TMA.
- The UK is seen as a neutral and technically competent partner within development partner groups, which provides opportunities to continue shaping sector dialogue, notably on innovative blended and private finance instruments, though this credibility may hinge on bringing some financing to the table.
- A major challenge is the continuing need for substantial grant financing to support infrastructure investments and leverage additional finance.
- There is a disconnect between the UK's climate ambition and its operationalisation in hard infrastructure sectors, particularly beyond ODA investments, which risks undermining credibility. There is a demonstrated need to continue influencing the climate resilience of infrastructure through UK expertise and convening, notably also with key UK partners such as British International Investment (BII), the Private Infrastructure Development Group (PIDG) and UKEF.
- Gender, social inclusion, and conflict sensitivity considerations are largely absent from infrastructure investments in Tanzania, representing an opportunity for UK expertise and convening to increase impact and alignment with shared UK and European values.
- There is a risk of declining UK influence due to the substantial reductions in the ODA envelope and the growing presence of non-traditional partners such as China, Turkey and India.

#### **Harvested outcome 4: Investment promotion**

**What did the UK do?** The BHC promotes investment in Tanzania through high-level dialogue and business forums. The FCDO supports investment environment reforms and transactions. The Department for Business and Trade (DBT) engages UK firms and mobilises instruments, such as UKEF, to attract private investment.

**What were the outcomes?** Concrete investment outcomes were facilitated by UK agencies (e.g., BII, DBT, UKEF), notably £373 million in UKEF-guaranteed infrastructure projects in Zanzibar, as well as smaller deals (e.g., seaweed processing) ensuring that larger funding went ahead and was more commercially oriented.

**What combination of levers worked well or not so well?** The UK deployed catalytic financial instruments (e.g., guarantees) to signal confidence and unlock investment opportunities. These were reinforced by diplomatic engagement by FCDO, building relationships with government counterparts, helping move investment deals toward conclusion. In parallel, direct transaction advisory support by DBT complemented diplomacy, with business forums and joint action planning (FCDO and DBT) creating the platforms to structure deals. Underpinning these efforts, programming provided technical assistance and grant finance (FCDO for enabling environment reforms and DBT for project preparation), ensuring investments were both bankable and sustainable.

#### **What are the lessons and opportunities for the future?**

- The UK government was seen as instrumental in identifying bankable investments, combined with UK expertise in finance, supporting enabling environment reforms and leveraging public and private capital. There are continuing opportunities to share UK expertise in these areas. The UK's ability to coordinate a mix of levers was pivotal, including diplomacy, centrally managed programmes, implementing partners and financing instruments.
- More coherent cross-HMG planning with shared objectives and concrete targets, agreed with Government, as well as practical measures to improve coordination (e.g. clarifying reporting lines, co-

location of the FCDO and DBT, staff turnaround), were key for operationalising the levers and ensuring UK influence.

- However, investment deals remain complex, with a substantial time-lag, requiring substantial diplomacy, influencing and patience by the BHC.
- Inter-agency coordination by the BHC, especially with London-based agencies, is challenging but critical, with mutual benefits and substantial opportunities for improvement (e.g., potential co-location at the BHC).
- There is also substantial competition from new investors, notably from China, Turkey, and India, requiring active diplomatic and commercial representation.

### **Harvested outcome 5: Leveraging finance**

**What did the UK do?** The UK's Partnership for Prosperity (P4P) Programme in Tanzania supports Aceli Africa, which uses blended finance tools (such as loan incentives, risk-sharing and capacity building) to encourage lenders to finance agricultural SMEs. This approach expanded credit access, particularly for women- and youth-led enterprises, strengthening inclusive growth in a sector central to Tanzania's economy.

**What were the outcomes?** Through Aceli, the UK introduced a transformative financing model (Aceli's risk-sharing mechanism), ensuring that larger and more commercially oriented funding went ahead. It successfully mobilised over USD 20 million in private capital for high-impact small and medium-sized agricultural enterprises in the rural agricultural sector, which commercial banks would typically avoid, increasing lender confidence and SME borrower capacity. The UK's contribution, via ringfenced FCDO ODA funding, was instrumental in enabling these market-shaping interventions.

**What combination of levers worked well or not so well?** The UK's support to Aceli combined innovative ODA financing through risk-sharing with technical assistance, ensuring that financial institutions not only had the incentive to lend to agricultural SMEs but also the capacity to do so effectively. Together, these levers reinforced one another – reducing risk while building capability – to expand credit access and strengthen inclusive growth. However, the bank lends onward at commercial rates, making loans unaffordable for the most marginalised and vulnerable.

#### **What are the lessons and opportunities for the future?**

- UK and Aceli technical credibility, convening role, and early commitment to blended finance models positioned them as system-shapers, with substantial opportunities for UK expertise in different financing models. The wider P4P programme also offers flexibility through a range of financial instruments as investments mature across the investment cycle.
- Blended-finance instruments remain complex and there is continuing need for capacity-building within supported banks and among the beneficiaries.
- Commercial banks remain risk averse and the agricultural sector very informal, with limited ability to take on loans at the offered commercial rates. The focus on more disadvantaged, rural, female and young farmers should be retained.
- Limited UK programmatic ODA and technical assistance inputs can help unlock substantial commercial investment (1:5 donor-to-private capital ratio).

### **'Whole of government' approach**

The BHC Tanzania has made notable progress in operationalising a 'whole-of-government' approach, particularly through more integrated strategic planning, early-stage influence, and improved coordination between FCDO and DBT. However, institutional challenges, staffing constraints and gaps in downstream implementation continue to limit its full effectiveness.

### **Partnerships**

The BHC has played a pivotal convening role in fostering strategic partnerships with the Government of Tanzania, development partners, and the private sector, anchored in trust, local presence, and technical credibility. Launched in 2024, the Tanzania-UK Mutual Prosperity Partnership (MPP) is a joint strategy running

to 2030 that articulates shared objectives for boosting UK-Tanzania trade, investment, and SME growth. However, these partnerships remain highly dependent on individual relationships, face institutional fragility, and are increasingly constrained by reduced ODA and staffing limitations.

## Conclusions

The BHC has demonstrated that a targeted, adaptive ‘whole-of-government’ approach – using non-programmatic levers (e.g., diplomacy, UK expertise, convening and catalytic finance) alongside programmatic support (e.g., technical assistance) – can deliver meaningful outcomes even with more limited resources. UK contributions were most effective where levers were strategically sequenced and layered, embedded in trusted relationships, and aligned with Tanzanian government priorities.

The key conclusions are summarised below:

- **Using non-programmatic levers** (e.g., diplomacy, UK expertise, convening) **alongside programmatic support** (e.g., catalytic finance, technical assistance) **has delivered meaningful outcomes** on strategic planning, tax reform, infrastructure investment, investment promotion and financial leverage in Tanzania, **even with more limited programmatic funding**. However, infrastructure (a major government priority), investment promotion and financial leverage continued to require more significant ODA investments.
- **The shift by the Government of Tanzania toward embracing the private sector and promoting investment was a key enabler of all the harvested outcomes, notably tax reform, investment promotion, and contributions to strategic planning.** This context, however, continues to evolve, and is not without setbacks (e.g., tax reform delays, limited sector prioritisation in Vision 2050) and emergent risks. Importantly, **Government of Tanzania openness alone did not guarantee outcomes;** where UK support achieved the most traction, such as in infrastructure and blended finance, it was because **external offers were well-timed, credible, and directly addressed government priorities** through de-risking, technical expertise, and/or financial structuring.
- **Combinations of levers were the most effective, especially when strategically sequenced and layered.** There are opportunities to increase the role of UK expertise, diplomacy and communication.
- **With the shift toward non-programmatic levers, the prioritisation of cross-cutting issues (e.g. gender, environmental sustainability, conflict sensitivity and social inclusion) may be at risk.** This was most evident in investment promotion and infrastructure, where these considerations were less embedded in design or results frameworks. This highlights a disconnect between the UK’s climate ambition and how it is operationalised notably in hard infrastructure sectors. However, Aceli demonstrated that mainstreaming is possible, also while leveraging private sector finance, **when supported by performance-based incentives and clear monitoring mechanisms.** Ensuring upstream planning and accountability tools are in place is critical to protecting these cross-cutting commitments.
- **Long-standing trusted relationships**, whether with other organisations (e.g. TMA), suppliers (e.g. ODI and OPM) and alignment with Tanzanian government priorities, **were key to effectiveness. In the context of declining ODA, the UK’s ability to achieve impact in Tanzania increasingly depends on working through partnerships, particularly with the government, development finance institutions (DFIs) and the private sector.** The current openness of the Government of Tanzania to private sector engagement has created a timely opportunity for the BHC to deepen its role as a strategic facilitator. This shift has already been reflected in the strong individual relationships built by international and local staff, and in the UK’s convening credibility. With BHC staff turnover, there is a need to continue fostering these relations with government (e.g. President’s Office, Planning and Investment (POPI) and TRA), the private sector, civil society (e.g. local think tanks), as well as with key development partners (e.g., World Bank and like-minded bilateral development partners). To sustain and amplify this influence, there is a growing need to institutionalise these relationships and platforms, such as through the strengthening of the BBG, and to clarify the distinctive value the UK brings to government, development partner, and public–private engagement in Tanzania.

- **The whole of government approach has improved, especially between DBT and FCDO, due to the significant shift in increasing prioritisation of effort by the UK, as well as through practical means such as adjusting reporting lines, co-location and staff changes.** Outcomes in both infrastructure and finance benefited from greater interdepartmental alignment. Effectiveness was strongest where this structural improvement was **accompanied by coordinated engagement strategies, joint use of financial, technical and diplomatic levers by staff with a strong local presence and familiarity with the local context.**
- **UK influence is increasingly contingent on credibility, consistency, and strategic clarity, especially in a context where resources and technical visibility are declining.** Influence has often hinged on the UK being seen to give neutral and trusted advice. Multiple stakeholders noted that the UK was once viewed as a technically strong, well-resourced partner. Today, with smaller ODA envelopes and reduced embedded technical expertise within the Government of Tanzania, **securing their meaningful engagement is more difficult, especially where UK contributions are not backed by finance or sustained technical know-how and engagement.**

## Overall lessons

Below we summarise overall lessons – lessons for each outcome are summarised above.

- **Catalytic influence matters:** Modest but well-deployed UK inputs – especially technical credibility, policy influence and convening power – can shift policy, unlock investment, and build reform momentum.
- **Mutually agreed objectives, flexibility and sequencing are key:** Differentiating lever intensity, modality and timing depending on the context and focused on mutually agreed objectives, enables more adaptive and effective engagement. However, there is often a long time-lag between interventions and impacts (e.g. tax reform and infrastructure).
- **Cross-cutting issues need explicit integration into intervention design and delivery,** especially in non-programmatic, technically focused or capital-intensive interventions, where related structures and processes are not well-established.
- **Relational capital is critical:** In the absence of significant financial resources, credibility, consistency, and technical expertise become essential currencies of influence through trusted relationships, neutral and visible technical capability and consistent follow-up.

## Recommendations

Below we outline the main recommendations developed with BHC Tanzania.

### Strengthening sector, thematic and cross-cutting focus

- Using non-programmatic levers alongside programmatic support has contributed to outcomes on strategic planning, tax reform, infrastructure investment, investment promotion and financial leverage in Tanzania despite constrained resources. As the ODA environment is further restricted, **the UK could continue delivering impacts through focusing on fewer, deeper themes/sectors that reflect its unique value proposition.**
  - **Clarify and communicate the UK value proposition** in sectors of long-term engagement (such as strategic planning, tax and the Dar port) **or areas of particular expertise** (such as finance) internally and externally.
  - **Identify and build the BHC brand,** reinforcing it through diplomacy, convening of partners and communication, especially with influential Tanzanian stakeholder groups.
  - Be deliberate and realistic, avoiding spreading across too many areas, focusing on areas where the UK can use its levers to **meaningfully unlock capital** (e.g. investment promotion, leveraging finance), **influence government policy** (e.g. strategic planning) and **catalyse reforms.**

- Given the demonstrated risk of side-lining gender, inclusion, conflict sensitivity, climate and environment – especially as the UK increasingly relies more on non-programmatic levers (e.g. investment) – the UK should take deliberate steps to **ensure cross-cutting commitments are not deprioritised.**

#### Strengthening partnership focus

- **Long-standing trusted relationships** with other organisations (e.g. TMA) and suppliers (e.g. ODI and OPM) and alignment with Tanzanian government priorities were key to effectiveness. It is important for the BHC Tanzania to help **foster and further institutionalise these relations** with government, the **private sector, civil society** and like-minded **development partners.**
- Prioritise delivering expertise in ways which is most appreciated by the Government of Tanzania – combining short term international expertise with embedded or local national experts.
- Declining ODA further increases the **need for strong, institutionalised partnerships, such as the MPP**, with government, DFIs and the private sector, with much greater clarity of **UK value proposition required.**
- **Prioritise high-value, high-trust partnerships** (e.g. TMA, OPM, ODI and World Bank) which have shown traction.

Collaboration between UK departments and agencies delivered particularly strong infrastructure and investment outcomes. Staff turnover in 2023 and 2024 created perceptions of reduced technical expertise at the BHC. With fewer ODA resources and staff, UK influence now depends on strategic focus, responsiveness, credibility and visibility. Further action is needed to **build on the UK's whole-of-government approach** to ensure it delivers sustained results.

- Strengthen country-level alignment and delivery **across all HMG departments and entities (e.g. through the MPP).**
- Strengthen **joint cross-government planning, delivery and accountability through more formal structures.**
- Further institutionalise cross-government working at the BHC, including **deeper integration of BII, UKEF and PIDG** representatives where feasible.
- Considering the **success of embedded technical assistance** in the port authority and **weaknesses of the fly-in-and-out model** (e.g. HMRC and IGC), **calibrate technical assistance modalities to government needs** and tolerance of international expertise, with emphasis on combining UK expertise with local presence and expertise and long-term capacity-building.
- Promote **deeper collaboration between BHC sections** (e.g. with the politics and governance team) to reinforce diplomacy and local understanding.
- Invest in **locally grounded resources** (e.g. country-based international and local staff and locally based suppliers), with strong contextual knowledge and networks.
- Improve **shared objectives, monitoring and learning**, including the use of country-level scorecards or delivery frameworks, to track HMG-wide contribution to systemic reforms and outcomes.

## 1. Introduction

In this section, we summarise the evaluation purpose, objectives, audience and questions (see section 3 for further details, including the evaluation design and methods, as well as the Inception Report). The report structure is as follows: 1. introduction; 2. background including context, theory of change and key levers of change; 3. design and methods; 4. main findings; 5. conclusions, 6. lessons; 7. recommendations; and annexes. Annexes include the Inception Report with detailed methods; documents consulted; people consulted; evaluation matrix; suggested revisions to the theory of change; outcome harvesting framework; and guidance and methods for evaluating the ‘whole of government’ approach, especially non-programmatic levers.

### 1.1 Purpose, objectives and target audience

The evaluation was commissioned by the British High Commission (BHC) Tanzania under the Foreign, Commonwealth and Development Office (FCDO) Evidence Fund. The overall **purpose**, as agreed during inception, is learning. The primary aim is to identify opportunities to strengthen the UK's approach to economic development in Tanzania and improve the effectiveness of the BHC's interventions (both programmatic and non-programmatic), individually and in combination.

The key **objectives** include:

- Identifying the drivers of success and challenges in BHC's economic work between 2020 and April 2025.
- Assessing the effectiveness of BHC's partnerships and new ways of working.
- Examining the coherence of the BHC's 'whole-of-government' approach in promoting sustainable growth.
- Providing insights to refine the BHC's Tanzania Country Plan and ensure alignment with the UK's international development objectives.

The **conclusions and recommendations** focus on the following, based on BHC Tanzania's needs:

- Which levers are most effective, individually and in combination.
- Where the BHC is best placed to influence.
- Which interventions to prioritise.

The **primary users** are the BHC Tanzania, as well as other BHCs and FCDO departments interested in evaluating the UK's 'whole-of-government' and partnership approach to development, especially economic development.

The evaluation commenced in December 2024. We conducted data collection in February and March 2025, followed by analysis and reporting writing (April to August 2025), with subsequent rounds of comments and revisions. The evaluation covered the period 2020 to April 2025. *Therefore, the findings, conclusions, lessons and recommendations reflect the period prior to the October 2025 election.*

## 1.2 Evaluation questions

Table 1 presents the evaluation questions agreed with the BHC Tanzania during the inception phase, with further details in the annex, including evaluation criteria, approach and methodology, data collection and analysis methods.

Table 1: Evaluation questions

Evaluation questions	Sub questions
1. What are the main lessons from UK support to sustainable growth and investment in Tanzania over the past 5 years, including on cross-cutting HMG objectives (e.g. gender, social inclusion, environment, conflict). How well does the current strategy for growth and investment build on these lessons?	a. What factors have enabled or hindered UK interventions in promoting sustainable growth and investment?
	b. How have different UK levers (diplomatic, expertise, commercial, programme delivery, financing) been used and contributed to these results? Which combinations of levers have been most effective, and how does this differ by type of partner?
	c. How accurate were the assumptions about how interventions would lead to results?
	d. How did contextual factors in Tanzania influence outcomes?
	e. How well does the current strategy and workplan address cross cutting HMG objectives such as gender, social inclusion, environment and conflict?
2. How well does the BHC sustainable growth and investment strategy operationalise the 'whole of government' approach, and support strong partnerships within Tanzania and UK?	a. How effective are the planning, coordination and delivery mechanisms in helping BHC Tanzania utilise a 'whole of government' approach and strong external partnerships?
	b. Are there any gaps or areas for improvement?
	c. What risks and unexpected challenges have emerged as a result of 'whole of government'?
	d. To what extent does the strategy seek to include other influential or interested stakeholders?

## 2. Background

The following sub-sections describe the context of UK support for growth and investment in Tanzania. *To note, the evaluation – and the following analysis – was conducted before the October 2025 election and therefore does not reflect the instability and uncertainty that has followed the election. Regional observer missions from the African Union (AU) and the Southern African Development Community (SADC), along with UN bodies, have stated that the general election fell short of regional and international standards and was mired by violence and serious human-rights violations.*

### 2.1 Tanzania context

**The political and economic landscape in Tanzania has undergone notable changes in recent years**, with the transition of leadership from President John Magufuli to Samia Suluhu Hassan in March 2021. Magufuli's tenure was marked by significant infrastructure projects and a controversial approach to economic management, focusing on state-led initiatives. However, under President Samia, opportunities emerged for a more inclusive and pragmatic approach to governance, with an emphasis on restoring investor confidence, strengthening relationships with international partners, and addressing Tanzania's persistent economic challenges. **Despite achieving lower-middle-income status in 2020, Tanzania continues to grapple with high poverty rates, which remain close to 50 percent.** Rapid population growth, slow and uneven job creation, low levels of education and limited access to education and employment opportunities, especially among women and girls, have reduced the inclusiveness of Tanzania's economic expansion, blunting its effect on poverty reduction.

**Tanzania Vision 2050** is the country's long-term development framework aimed at transforming Tanzania into an upper-middle-income, inclusive, and climate-resilient economy by mid-century. It builds on previous national strategies by emphasising structural transformation, green growth, human development, and private sector-led industrialisation. The **Five-Year Development Plans (FYDPs)** serve as medium-term instruments to operationalise this vision. **FYDP III (2021/22–2025/26)** prioritises a competitive, industrial economy for human development, focusing on trade facilitation, investment promotion, and infrastructure development. Earlier FYDPs focused on capacity building (FYDP I) and industrialisation (FYDP II), laying the foundation for the current focus on implementation, competitiveness, and sustainability. They aim at transforming Tanzania into a high-income, semi-industrialised nation by 2050. The FYDP III, themed "Realizing Competitiveness and Industrialization for Human Development", seeks to enhance efficiency and productivity in manufacturing by leveraging Tanzania's abundant resources. It prioritises investments in infrastructure, education and health to support economic transformation and human development. The FYDP III outlines an ambitious target of 8% annual economic growth and the creation of over 8 million jobs by 2025/6. Additionally, gender equality has been incorporated into national policies, recognising the need for equal access to economic opportunities for both women and men. Environmental protection remains central to the country's development goals, with the recognition that sustainable growth must align with the protection of Tanzania's rich natural resources.

Vision 2050 emphasises a strong, inclusive and competitive economy, focusing on industrialisation, human development, and environmental sustainability. It highlights the need for greater efforts to balance economic growth with poverty reduction. It identifies key challenges, including widening inequality, climate change, urbanisation and geopolitical tensions, which will require a greater emphasis on resilience, equity and sustainability to ensure inclusive and sustainable development. Internal BHC Tanzania analysis notes that key policy hurdles – including unpredictable tax policies, bureaucratic inefficiencies, and the slow pace of industrialisation – could hinder progress. It identified key constraints and opportunities for achieving broad-based, sustainable economic growth. It highlighted four main barriers: tax unpredictability and enforcement, infrastructure gaps, limited access to finance, and systemic exclusion of women and marginalised groups. The analysis stressed the importance of embedding policy reforms in law, prioritising high-potential sectors, improving investor aftercare, and strengthening institutions. It served as a foundational evidence base for UK programming and policy engagement, helping to target interventions in investment, trade, and gender inclusion more effectively.

## 2.2 UK support

The UK–Tanzania Country Plan (2021–2025) aimed to promote inclusive, sustainable economic growth by improving the investment climate, supporting trade and market access, and strengthening the conditions for private-sector-led development. It focuses on building investor confidence, advancing climate-resilient and green growth, and expanding opportunities for women and youth. The plan takes a ‘whole-of-government’ approach, aligning UK diplomatic, development, trade and investment efforts with Tanzania’s economic transformation goals.

Launched in 2024, the Tanzania-UK Mutual Prosperity Partnership (MPP) is a joint strategy running to 2030 that articulates shared objectives for boosting UK-Tanzania trade, investment, and SME growth. While the MPP does not carry a financial commitment, it has become a key mechanism for uniting diplomatic, commercial, and development levers under a common framework, with both Department for Business and Trade (DBT) and FCDO co-owning its targets and messaging. The MPP builds on the Business and Investment Plan (BIP) and Joint Action Plans (JAPs) outlined below.

The earlier BIP provided a UK framework to crowd in private finance through instruments such as UK Export Finance (UKEF) guarantees, British International Investment (BII) equity, and concessional blended finance. In Tanzania, the BIP has catalysed UK support for strategic projects – such as infrastructure and energy investments – while reinforcing the UK’s shift from large Official Development Assistance (ODA) programmes to more catalytic interventions. The BIP promoted collaboration across government by encouraging DBT and FCDO to jointly identify bankable investments, support transaction preparation, and align upstream technical assistance with downstream financing instruments.

Tools such as the JAPs emerged from the UK–Tanzania Business Forums in 2021 and 2022. The JAPs served as tactical roadmaps to address investment climate challenges, facilitate deal flow, and track joint follow-up with Tanzanian government counterparts. Importantly, they provided a mechanism for DBT and FCDO teams to coordinate more effectively, enabling more coherent engagement with key Tanzanian institutions such as the Tanzania Investment Centre (TIC), Zanzibar Investment Promotion Authority (ZIPA), and the Ministry of Finance (MoF). The JAP also helped consolidate UK support around specific private sector needs, ensuring that feedback from UK businesses is channelled into policy advocacy and technical assistance in a structured manner.

While the commitment to international development remains, the focus and implementation of UK aid policy continue to evolve in response to domestic and global pressures. The UK’s position on ODA has undergone significant changes in recent years, influenced by the UK leaving the EU, the merger of FCO and DFID, the COVID-19 pandemic and budget cuts, and shifting priorities including increased focus on geo-politics. In 2020, DFID and FCO merged to create FCDO, signalling a shift towards aligning aid more closely with UK foreign policy objectives and using a broader set of **UK levers** to deliver development in addition to ODA. The UK government implemented significant cuts to the ODA budget in 2020/21, reducing it from 0.7% to 0.5% of Gross National Income (GNI), partly in response to economic pressures caused by the COVID-19 pandemic. In 2024, the newly elected Labour government continued some of the previous administration’s policies regarding ODA, including further cuts. On 25 February 2025, the UK government indicated it would reduce its aid spending from 0.5% to 0.3% of GNI starting in 2027.

The evolution of the UK’s ODA support to Tanzania from 2020-2025 reflects the UK’s broader shifts in international development. The UK’s total bilateral ODA to Tanzania declined from nearly £100m in 2020 to £30m in 2023 (see Table 2). While facing budget constraints due to overall ODA reductions, the UK has maintained alignment with Tanzania’s development priorities. Key areas of focus include sustainable economic growth through investment and trade facilitation, climate action to support resilience and clean energy, education, health, social protection and strengthening security and justice. This evaluation focuses on trade and investment, including related enabling environment reform as two areas prioritised by the UK.

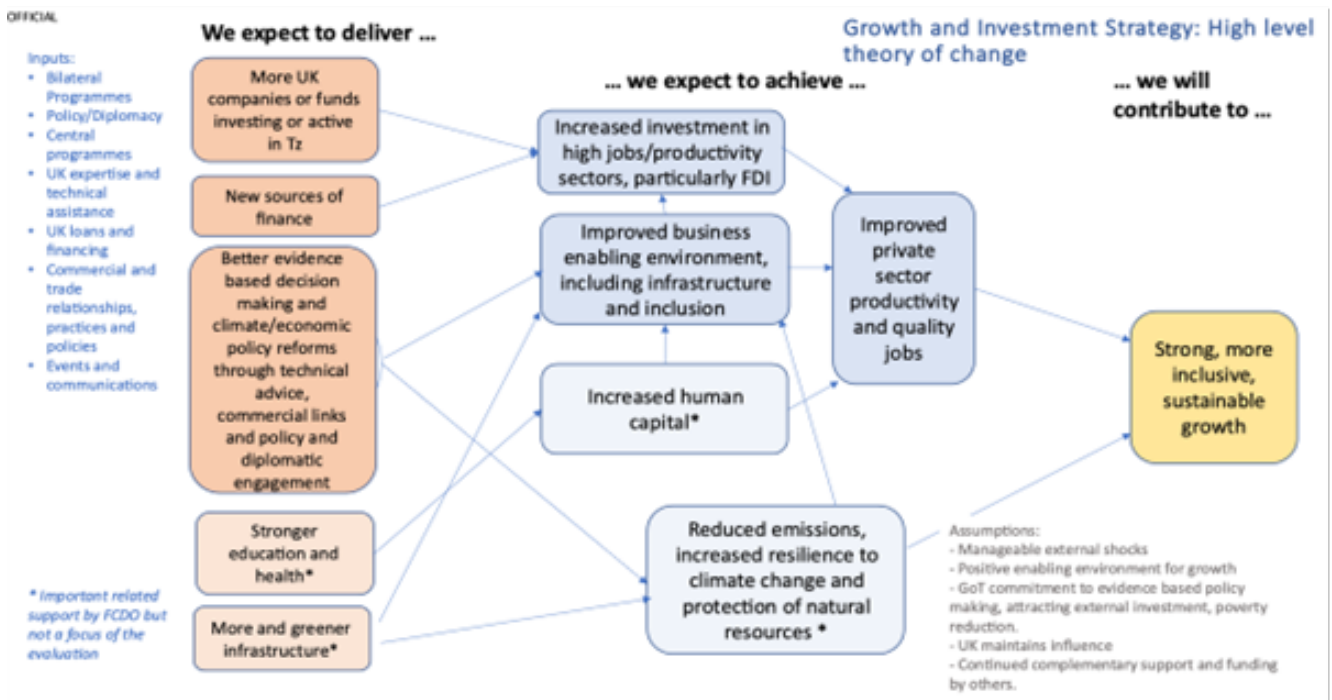
Table 2: Total UK bilateral ODA to Tanzania (2020-2023), GBP thousands<sup>1</sup>

Total ODA	2020	2021	2022	2023
Tanzania	96,367	60,605	33,334	29,786
% Total UK ODA	0.67%	0.53%	0.26%	0.19%

### 2.3 Theory of change: outcomes and levers of change

BHC Tanzania developed a high-level theory of change for its growth and investment strategy (see Figure 1).

Figure 1: Growth and Investment Strategy Theory of Change



As outlined in the Inception Report, the theory of change aims to support inclusive, sustainable growth through increased FDI and a better business environment, but lacks clarity on intermediate outcomes, distributional impacts, and contextual relevance. It pays insufficient attention to how trade and growth benefit the poor, omits key factors like market access and behavioural change, and does not target vulnerable groups explicitly. Additionally, it overlooks important contextual factors in Tanzania and does not adequately reflect new approaches or coordination with other development partners (see the annexed Inception Report for further details).

The theory of change was reviewed and revisions suggested during the evaluation process. Sustainable growth, including social inclusion notably through job creation, environmental sustainability and mainstreaming of climate change, remains the overall objective of BHC economic reform efforts. The revised theory of change was structured to align with the main pathways of change under the MPP and to support the BHC’s country strategy planning and spending review. However, in light of the ongoing spending review and anticipated decisions on budget allocations for Tanzania, a more thorough participatory co-creation and validation process was deemed premature. The evaluators remain available to support this process with the BHC once details on available resources are clear.

<sup>1</sup> Statistics on International Development ([link](#))

The team identified, defined and validated the key levers of change iteratively with the BHC Tanzania (Table 3). The levers were further refined drawing on those identified in the recently published OPM evaluation of FCDO Ghana’s Country Business Plan. The categories in the table are not mutually exclusive; for instance, technical assistance activities are usually financed by ODA grants (financial instrument).

Table 3: BHC Tanzania levers of change<sup>2</sup>

Non-programmatic	Programmatic
<p><b>UK expertise (influence):</b> Sharing knowledge, standards, approaches, etc. that are considered best practice or contextually relevant and originate from the UK. Delivered by HMG staff, investment expertise, commercial know-how, etc. (e.g., on trade policy, investment diagnostics and facilitation).</p> <p><b>Diplomacy (influence):</b> Strategic use of dialogue, negotiation, soft power and influence to advance the UK’s foreign policy objectives, including national interests, and promote global values in partnerships with government, private sector, civil society and development partners.</p> <p><b>Convening and partnership facilitation (influence):</b> Strategic use of the UK’s diplomatic standing, networks and credibility to bring together diverse stakeholders to engage in dialogue, coordination or collective action on shared priorities (e.g., roundtables, dialogues, development partner coordination and stakeholder forums), including engagement of diaspora.</p> <p><b>Communications (influence):</b> The deliberate use of messaging, media, stakeholder engagement, and public diplomacy to promote the visibility, transparency, credibility, and influence of UK-funded development initiatives, both within partner countries and globally.<sup>3</sup></p>	<p><b>Technical assistance:</b> Provision of external support, often in the form of advice, research, knowledge generation, training, systems development or institutional strengthening. It includes technical expertise (e.g., diagnostics, feasibility studies, and research and analysis) and programme management expertise (e.g., monitoring, evaluation and learning and value for money). For Tanzania, this includes funding through programming such as Productivity for Prosperity (P4P) and Trademark Africa (TMA); funding using remaining unallocated programme budgets; funding through relatively small budgets including activities delivered by the IGC, ODI and OPM.</p> <p><b>Direct delivery:</b> Provision of goods or services directly to beneficiaries or government institutions through FCDO bilaterally managed programmes, FCDO centrally/HQ managed programmes, or multilateral financing.</p>
Financial instruments	
<p><b>Leveraged private finance:</b> Commercial or philanthropic capital mobilised from private sector entities (e.g. banks, investors, companies and foundations) as a direct result of UK funding, risk-sharing instruments or technical assistance.</p>	<p><b>ODA grant finance:</b> Non-repayable financial support provided by the UK to partner governments, multilateral organisations, NGOs or private sector implementers to achieve development, humanitarian or climate objectives.</p> <p><b>Leveraged public finance:</b> Attracting additional funding from other public sector actors (e.g. partner governments, bilateral development partners and multilateral development banks) that is mobilised as a result of UK-supported interventions.</p>

<sup>2</sup> For simplicity, we have included partnerships in this table and the associated heat maps

<sup>3</sup> Not included in the heat maps

### 3. Design and methods

#### 3.1 Purpose, objectives and audience

The prevailing **purpose** of the evaluation is learning, with the following aims:

- To identify any opportunities to strengthen the UK’s approach to economic development in Tanzania, including also equitable and sustainable growth; and
- To improve understanding of how to effectively implement, monitor and evaluate BHC’s approach to development.

The specific **objectives** of the evaluation include:

- Identifying the drivers of success and challenges in BHC’s economic work over the past five years.
- Assessing the effectiveness of BHC’s partnerships and new ways of working.
- Examining the coherence of the BHC’s ‘whole-of-government’ approach in promoting sustainable growth.
- Providing insights to refine the BHC’s Tanzania Country Plan and ensure alignment with the UK’s international development objectives.

Information needs include the following:

- To update the BHC Tanzania Country Plan.
- Enhanced interest in understanding how well UK levers and partnerships work across HMG and with the Tanzanian government, private sector, civil society and development partners.
- Identify ways to evaluate the ‘whole of government’ approach.

With the rapidly evolving aid context, notably the drastic cuts in support from the United States and the announcement of UK ODA cuts, learning from this evaluation, especially on non-programmatic levers of change, is now more pertinent compared to when this evaluation was originally commissioned in late 2024.

The evaluation is primarily for internal use by the BHC Tanzania team, particularly the sustainable prosperity team, as they revise the Tanzania Country Plan. Broader HMG, including other posts, have shown interest in the ‘whole-of-government’ evaluation approach, especially the use of various non-programmatic levers, as well as external partnerships. The evaluation team will tailor information for sharing with different audiences through workshops and events (e.g., with the BHC Tanzania – already conducted; wider HMG staff and the evaluation cadre – dates to be confirmed).

#### 3.2 Scope

The evaluation was undertaken between December 2024 to August 2025, with subsequent rounds of comments and revisions, and covered the period 2020 to April 2025. The evaluation covers BHC’s support for sustainable growth and investment in Tanzania, which is defined by two main strategic frameworks: the updated BHC Tanzania Country Plan (2021-2023) and the MPP agreed in 2024. The evaluation focuses on the Country Plan Goal 3 “progressive economic, business and trade reforms”, including “increased quality investment in priority sectors”, and “increased UK trade and foreign direct investment (FDI)”. The parameters of the evaluation were defined through the outcome harvesting methodology.

During the inception phase, preliminary thematic priorities and associated pathways of change were identified through desk review, interviews and a participatory workshop. These included:

- Business environment reform (including tax)
- Investment promotion
- Trade

- Climate change mainstreaming

Next, the outcome harvest during the inception phase (see annexed Inception Report for further details) identified the following five key outcome areas based on primary data collection as well as validation sessions with the BHC Tanzania:

- Strategic planning
- Tax reform
- Investment promotion
- Infrastructure
- Financial leverage

Through data collection and analysis, the team identified several levers of change (non-programmatic and programmatic modalities of implementation – see Table 3) associated with these outcomes. The levers relate to (at least) the programmes in Table 4.

Table 4: Programmes

Programme	Total ODA budget (approx. GBP) <sup>4</sup>
Productivity for Prosperity (P4P)	£35 million
UK–Tanzania Green Growth Facility (GGF)	£11–16 million
Aceli Africa	£6-7.5 million
Manufacturing Africa	£2-3 million
Corridors for Growth (C4G)	£4 million (out of total budget of £51 million)
Trademark Africa (TMA)	£3 million
FUNGUO	£3.2 million
Financial Sector Deepening (FSD)	£180,000
Public Private Partnership (PPP) Project Preparation Trust Fund	£8 million
International Growth Centre (IGC)	£490,000
Overseas Development Institute (ODI)	£160,000 700,000
His Majesty’s Revenue and Customs Service (HMRC)	Not available
Oxford Policy Management (OPM)	£200,000
Tanzania Port Modernisation	£10 million (out of £420 million), feasibility study budget unknown
Strengthening Public Financial Management (PFM) programme	£20 million
UKEF investments	£373 million
BII investments	£100 million

<sup>4</sup> The budget totals are estimates, based on available information, namely from Devtracker. For centrally managed programmes, the country allocations are more difficult to identify, and the estimates are from various sources such as International Aid Transparency Initiative (IATI).

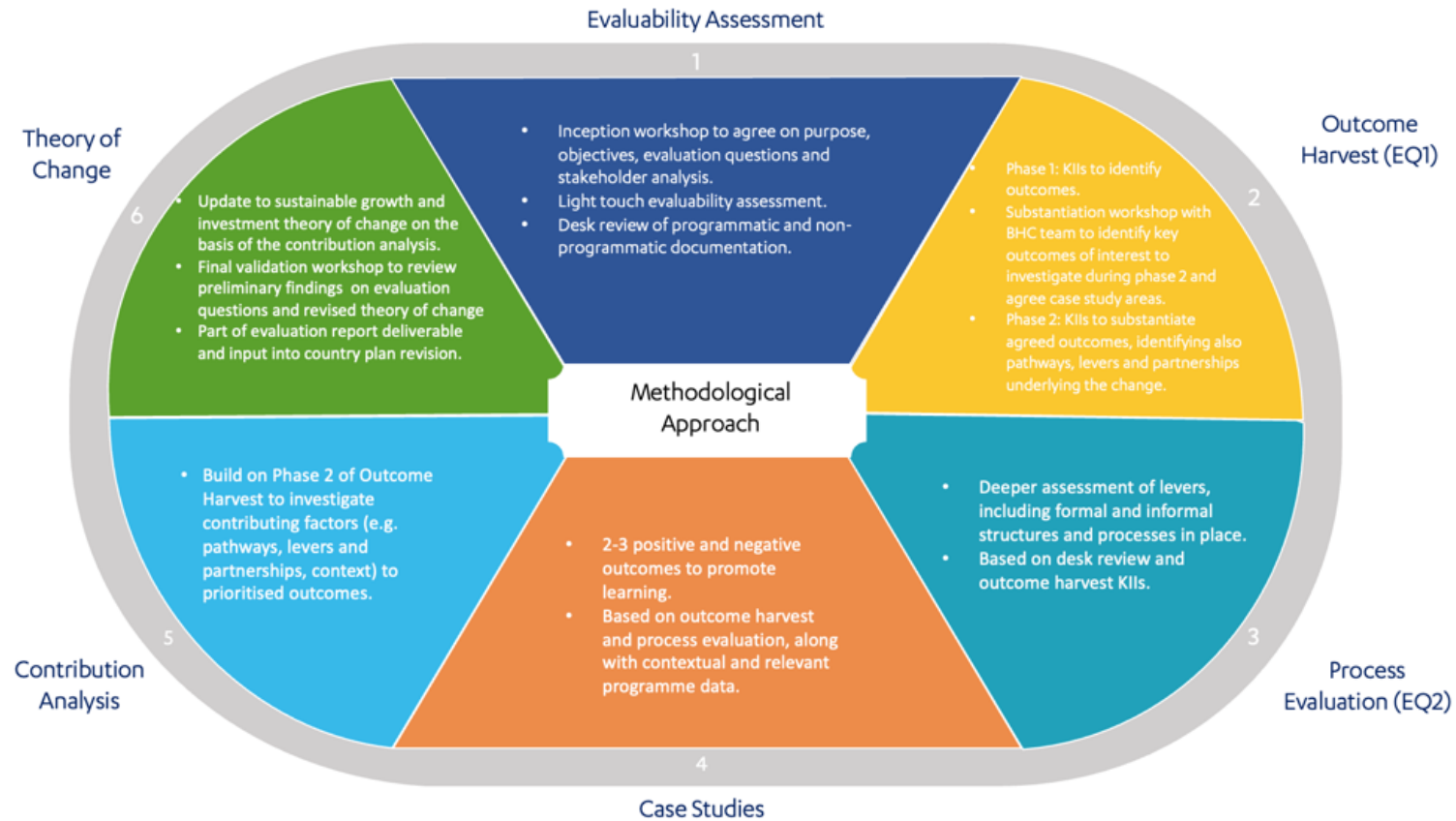
While initially considered, climate change, including related programming, were defined as outside the scope of the evaluation. These included a climate change programme under design, the Modern Energy Cooking Services programme, the Transforming Energy Access programme and related BII investments.

### 3.3 Evaluation approach and methods

The evaluation approach captures the complexities of the BHC's partnership strategy for sustainable growth and investment in Tanzania. Using a theory-based framework, the team harvested outcomes and assessed their causal pathways, levers of change, partnerships, and underlying assumptions. A hybrid design, combining outcome harvesting with elements of process evaluation and mixed-methods data collection, enabled analysis of both prioritised and emergent outcomes within a non-linear, dynamic context.

Key steps included synthesising harvested outcomes, mapping associated levers and partnerships, investigating relevant structures and processes, and conducting contribution analysis to link outcomes with levers of change. This informed suggested revisions to the theory of change to inform the next BHC Tanzania Country Plan. Figure 2 below summarises the approach and main methods.

Figure 2: Summary of approach and main methods<sup>5</sup>



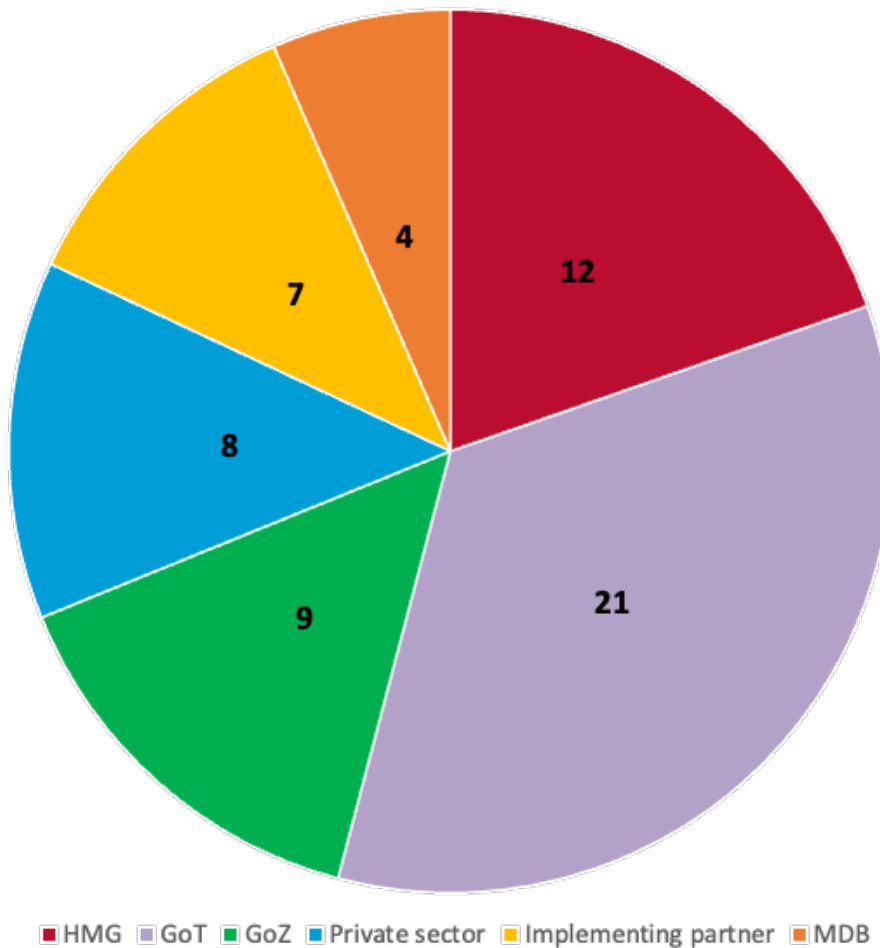
<sup>5</sup> Note, as mentioned in section 3.7, instead of producing 2-3 case studies, the team agreed to develop all five identified outcome areas in full in the main report

### 3.4 Data collection methods

The evaluation used outcome harvesting to identify and investigate emergent, often unpredictable, outcomes through a two-phase process. In the first phase, the team conducted open-ended discussions with key informants to gather outcome data, which was then analysed and prioritised in collaboration with the BHC. The second phase substantiated these outcomes by collecting additional evidence on their significance and contributing factors, followed by contribution analysis to link findings back to UK efforts. We combined outcome harvesting with process evaluation, examining how strategies and programmes were implemented, focusing on operational structures, delivery mechanisms, and their influence on outcomes.

Over 90 documents were reviewed as a part of the desk review (see annex). More than 30 interviews were conducted with over 60 stakeholders, including internal HMG and external government, private sector, implementing partners and multilateral development banks (see Figure 3) during the inception and evidence gathering period. This included interviews with former BHC staff who kindly volunteered their time. Interviews were conducted virtually and in-person in Dar es Salaam (3-6 February 2025 and 24-28 March 2025) and Zanzibar (27 March 2025). Further details on data collection methods are included in the annexed Inception Report.

Figure 3: Interviewees by type



### 3.5 Data analysis

Data analysis combined outcome harvesting and process evaluation, including contribution analysis. We also suggested revisions to the theory of change (see annex). The team triangulated different data sources and data collection methods against the evaluation questions, selected outcomes, identified levers of change and

different partnerships to ensure findings developed are well-evidenced and robust. The team also assessed evidence of differential effects on more vulnerable groups, including women and youth, as well as the mainstreaming of climate change.

The team conducted both qualitative and quantitative analysis. Quantitative analysis included the assessment of available monitoring data against the harvested outcomes, as well as the quantification of the qualitative data on levers and partnerships in relation to the outcomes through a thematic matrix analysis. This was transposed into heat maps (see Figure 4) for each of the harvested outcomes which facilitated comparison of the effectiveness of different levers, partnerships and delivery channels across the outcomes. We ranked each lever using a simple 0-3 scale.

Figure 4: Example heat map

Non-programmatic	Strategic planning	Programmatic	Strategic planning
UK expertise	1	Technical assistance	3
Convening and partnership facilitation	2	Direct delivery	1
Diplomacy and influencing	1	ODA	1
Leveraged private finance	0	Leveraged public finance	0

Further comparison across the levers was conducted by assessing the harvested outcomes, as well as the underlying initiatives, including UK financed programmes and investments in the portfolio in relation to the agreed typology of non-programmatic and programmatic levers.

The programmes were further classified into budget bands, in order to better assess the implications on potential impact and scale, as well as the ODA budget as follows:

- **Low:** Budgets under £1 million
- **Medium:** £1 million to under £10 million
- **High:** £10 million and above, including co-financing (e.g., World Bank and Government of Tanzania) of major infrastructure investments over £100 million, such as the Dar es Salaam Maritime Gateway Project with a resulting overall investment from others of up to £900 million to date, with the DP World Concession estimating up to an additional £1 billion in investments from others over the next 30 years.<sup>6</sup>

The overall analysis of the harvested outcomes in relation to the levers are presented in a heatmap (Figure 12) in the conclusions (section 5). Team members peer-reviewed each other’s quantitative assessments, and they were also reviewed with the BHC Tanzania during a workshop and in the draft report, triangulating analysis to ensure robust scoring. The analysis was conducted against the two main evaluation questions and related sub-questions, which form the structure of this evaluation report. Further details on data analysis methods are included in the annexed Inception Report.

### 3.6 Ethical considerations

Our evaluation was conducted in line with Agulhas’ and FCDO’s ethical policy and standards. The team consistently ensured respect for participants, informed consent, safeguarded confidentiality, and applied the “do no harm” principle. Throughout the evaluation, we developed and used protocols to uphold integrity, confidentiality, and responsible data handling. The team is managing all data securely (through a restricted MS Teams site), in compliance with GDPR and UK government standards, with strict controls on access to sensitive information. Further details are included in the annexed Inception Report.

<sup>6</sup> DP World (2023) *DP World Signs 30-Year Concession to Operate the Multi-Purpose Port of Dar es Salaam in Tanzania*. [Link](#)

### 3.7 Limitations

- While theory-based, qualitative, and contribution-oriented approaches are suitable for assessing complex, multi-actor environments, they are limited in their ability to isolate the UK's specific contribution or establish clear attribution.
- The learning-oriented evaluation relies on rich qualitative data from a small, purposefully selected group of interviewees, limiting the generalisability of findings beyond the BHC work in Tanzania. To mitigate bias and strengthen validity, diverse stakeholder views were collected, a standard interview guide was used, and data were systematically coded and reviewed, including peer review across the team.
- The evaluation covered a wide range of outcomes across diverse portfolios, but this breadth constrained the depth of analysis achievable within available resources.
- Outcome harvesting requires sufficient time for interventions to mature, which presents challenges for assessing recent initiatives and interventions with long time lags between activities and emerging outcomes.
- Reliance on BHC staff during the inception phase led to the capture of aspirational, rather than actual, outcomes. Substantiation through follow-up interviews helped mitigate bias, however, the number of interviews (and hence substantiation) were constrained by time and budget.
- Challenges in obtaining accurate budget data across different types of support including: country allocations of centrally managed or multilateral/multi-bi programmes; interventions and programmes managed beyond FCDO (e.g. HMRC, BII, UKEF, PIDG); BHC staff and overhead costs; and breakdown between ODA and non-ODA activities. As a result, the data used for establishing the budget bands remains approximate and is purposefully rounded up and down to fit the bands.

### 3.8 Changes compared to the inception design

A few changes were made to the initially proposed evaluation design, notably to meet the specific availability, preferences and information needs of the BHC, and to align with wider constraints, notably the on-going spending review.

Adjustments were made to the role of the original sustainable growth and investment theory of change, to align with the inductive outcome harvesting methodology, and to match BHC Tanzania engagement readiness and timing, especially in relation to the spending review timeline.

Instead of producing the planned two to three case studies, the team agreed to develop all five identified outcome areas in full in the main report. If necessary, we can extract these as separate case studies for the planned communication products based on BHC needs.

As mentioned above, we plan to conduct additional dissemination events with HMG by end 2025 to share learning from the evaluation and the methods used to evaluate 'whole of government' and partnership approaches (see updated use, influence and communication plan in the annex).

## 4. Findings

### 4.1 EQ1: What are the main lessons from UK support to sustainable growth and investment in Tanzania, including on cross-cutting HMG objectives and how well does the current strategy for growth and investment build on these lessons?

a. What factors have enabled or hindered UK interventions in promoting sustainable growth and investment?
b. How have different UK levers (diplomatic, expertise, commercial, programme delivery, financing) been used and contributed to these results? Which combinations of levers have been most effective, and how does this differ by type of partner?
c. How accurate were the assumptions about how interventions would lead to results?
d. How did contextual factors in Tanzania influence outcomes?
e. How well does the current strategy and workplan address cross cutting HMG objectives such as gender, social inclusion, environment and conflict?

The BHC Tanzania Country Plan outlines the UK’s overarching strategy — covering economic growth, climate action, governance, and human capital — aligned with Tanzania’s FYDP III. It sets the broad framework for policy dialogue, development assistance and diplomatic engagement. The BIP, introduced by the former government, focused specifically on improving the business environment, including streamlining regulations, supporting infrastructure, trade facilitation and investment promotion through bodies like UKEF and BII. Building on both, the MPP combines policy support, public investment and private-sector engagement with ambitious, jointly agreed targets to 2030, such as £300 million in UK FDI, £1 billion in UK-backed infrastructure, and £100 million in private investment in Tanzanian SMEs. There are a range of programmes and actions that aim to contribute to these targets.<sup>7</sup> These include the most significant bilateral growth and investment programme, P4P (£35m), along with C4G, a couple of centrally managed programmes (e.g. FSD Africa and TMA), multi-bi programmes (e.g. FUNGUO) and smaller allocations (e.g. ODI, HMRC and IGC).

The MPP is unique in its close partnership with the Government of Tanzania and in its cross-HMG nature — bridging UKEF, BII, DBT and the FCDO — and aims to ensure that the various UK levers (see Table 3) are deployed in a coherent, coordinated and impactful manner to boost sustainable trade and investment in Tanzania.

#### Harvested outcome 1: Strategic planning

**Summary**

**What did the UK do?** The UK effectively supported the Government of Tanzania in its strategic planning process, together with suppliers and other development partners. The UK helped strengthen Tanzania’s long-term development strategy (Vision 2050) by convening partnerships and providing supplier expertise to align the Government of Tanzania’s priorities on growth, investment, gender and climate with global goals.

**What were the outcomes?** The UK’s involvement supported to the Government of Tanzania’s to increase prioritisation of economic and investment sectors in Vision 2050 and mainstream climate, gender and

<sup>7</sup> Marianne Young (29 September 2024). *Economic Diplomacy Review Letter 2024*

inclusion priorities, as well as strengthening the quality of the drafting. However, sector prioritisation could have been even stronger.

**What combination of levers worked well or not so well?** Combining UK-funded technical assistance (e.g., research and analysis), convening and partnership facilitation through trusted relationships (e.g., OPM and ODI) and UK diplomacy and convening power, including with other development partners, worked well in supporting Vision 2050. Key enablers of UK strategic influence included more favourable attitudes to private sector and investment promotion by the Tanzanian government, and close partnerships between the Tanzanian government and UK suppliers.

**What are the lessons and opportunities for the future?**

- There is potential for the UK government and suppliers to continue to support strategic government priorities through the operationalisation of Vision 2050 (e.g., through five-year development plans) and government priorities (e.g., infrastructure).
- Long-standing technical partnerships and relationships (e.g. ODI and OPM), local presence, advisory support, and blending international expertise with local knowledge through a personal, trust-based approach remain important. However, these are reliant on institutional relationships which are vulnerable to staff turnover.

*Strength of evidence rating: HIGH*

**The UK is effectively supporting the Government of Tanzania in its strategic planning process, together with suppliers and other development partners.** For the drafting of Tanzania’s Vision 2050, the UK contributed to **research and knowledge** generation through **technical assistance** funded by **limited amounts of ODA**, working with other development partners. These were effective levers.

**Tanzania’s Vision 2050** is aligned with UK goals of mobilizing private capital, supporting business environment reforms, and creating mutual economic opportunities through trade and investment partnerships.<sup>8</sup> Vision 2050 emphasises a competitive, inclusive private sector driven economy through industrialisation, value addition and investment promotion across various sectors like agribusiness, mining, tourism and manufacturing. It also calls for a digital economy, the promotion of innovation ecosystems and advancement of high-tech sectors (e.g., biotechnology, robotics and AI), which align with UK support for digital inclusion, innovation partnerships, and tech-enabled services to accelerate economic development and governance efficiency. Despite being a Government of Tanzania priority, digitalisation was emphasised less in interviews.

**Vision 2050 has a strong emphasis on addressing climate change and sustainability.** It promotes sustainable resource management, climate-smart agriculture, green urbanisation, and resilience to climate shocks. The UK IDS prioritizes **climate finance**, **nature-positive growth**, and **supporting low-carbon transitions**, all of which are also included in Tanzania’s long-term green growth agenda. According to an interviewee, the focus on climate change was informed by UK’s analysis.

In addition, Tanzania’s commitment to **gender equity**, **youth empowerment** and **disability inclusion** is core to its 2050 goals. The UK IDS similarly prioritizes **inclusive development** and aims to **leave no one behind**, particularly in fragile or underserved communities.

The **strength of evidence for this outcome is assessed as high**, based on consistent triangulation across interviews, programme records, and government documents. UK-funded technical assistance, particularly through OPM and ODI, supported the structure and content of Tanzania’s Vision 2050, especially in areas such as climate integration, gender mainstreaming, sector prioritisation, and investment promotion that were comprehensively included in the document. The President’s Office, Planning and Investment Commission (POPI) confirmed the UK’s role, referring to its experts as “external peer reviewers” who provided impartial

<sup>8</sup> United Republic of Tanzania. (2025). *Tanzania Development Vision 2050*. [Link](#) FCDO (2022). *The UK Government’s Strategy for International Development* [Link](#)

and high-quality inputs, and UK-supported inputs were reflected in the final document.<sup>9</sup> While some recommendations were only partially adopted and gender was less visible in interviews, the nature of UK engagement and trust-based relationships provide strong evidence of meaningful UK contribution.

**a) Combination of levers**

**Technical assistance**, and (small amounts of) ODA funding, were key levers for the UK’s contribution to the Government of Tanzania’s strategic planning, most notably through the Vision 2050 process and in the final Vision 2050 document. The UK also worked closely with other development partners.

Figure 5 illustrates the contribution of the key levers driving strategic planning outcomes. **These outcomes were driven by programmatic levers, notably technical assistance financed through small amounts of ODA resources**, with convening of like-minded partners (**a non-programmatic lever**), and no reliance on other financial instruments. The UK supported Vision 2050 through long-standing technical partnerships (e.g. ODI and OPM), advisory support and knowledge generation, rather than through large-scale funding. The strength of these levers reflects a personal, trust-based approach that was effective in upstream planning, but reliant on institutional relationships and vulnerable to staff turnover.

*Figure 5: Strength of levers – strategic planning*

Non-programmatic	Strategic planning	Programmatic	Strategic planning
UK expertise	1	Technical assistance	3
Convening and partnership facilitation	2	Direct delivery	1
Diplomacy and influencing	1	ODA	1
Leveraged private finance	0	Leveraged public finance	0

**The UK support to the strategic planning process benefited from the UK ‘brand’ and expertise via well-established suppliers in Tanzania.** UK support was mainly through technical, working-level inputs, rather than politically high-level interventions.

The UK funded, centrally managed Supporting Economic Transformation (SET)<sup>10</sup> programme led by ODI provided support to the POPI. In addition, the BHC funded OPM to support POPI in an advisory capacity in defining the Vision 2050 process, based on international benchmarking, including its operationalisation through more concrete five-year plans with costed roadmaps. The OPM work benefited from a limited bilateral ODA allocation liberated from another existing budget line for POPI.

POPI identified 17 **key sectors for Vision 2050** and numerous deep dives were undertaken. The UK funded some of the sector deep dives (e.g., oil and gas) undertaken by OPM and ODI. POPI will use the sector deep-dives to draft the next FYDP and OPM is expected to continue to provide external peer review of the next plan, including benchmarking with international standards.<sup>11</sup> Contrary to advice from the OPM experts to focus on five key sectors, Vision 2050 prioritises a broader range of sectors.

**Both of the UK suppliers had a long history of support to the government of Tanzania, including POPI, which was critical for the establishment of trust in their engagement and advice.** ODI had already supported the second FYDP (2016-2021), including the identification of policy options, sector prioritisation and finance mobilisation, as well as operationalisation through action plans, communication plans and monitoring and evaluation (M&E) frameworks. Support through SET also included some capacity building. In addition, OPM had provided pro-bono advice to build credibility and trust with the government. **Local presence was also considered a key factor of success;** like the BHC, OPM also opened an office in Dodoma.

<sup>9</sup> Interview

<sup>10</sup> A consortium of international and national partners supporting economic transformation in developing countries through research and policy advice led by ODI <https://set.odi.org/> Funded by DFID/FCDO and Australia’s Department of Foreign Affairs and Trade (DFAT).

<sup>11</sup> Interview

**Suppliers had different roles, ranging from strategic advice to technical inputs** in the strategic planning process. Overall, **access and influence are very dependent on personal relationships that can rapidly shift when staff change**. With the new Executive Secretary, the degree of access by the suppliers improved. The OPM advisors are now working with the new Executive Secretary appointed in February 2025.<sup>12</sup> The IGC, funded mainly by FCDO, had a junior Tanzanian economist attached to the macro-economic reform team, who also assisted with inputs into Vision 2050.<sup>13</sup>

**The UK suppliers differed in their degree of embeddedness in POPI.** The IGC economist was embedded in the POPI structure. OPM experts were not embedded in POPI but at the country office. OPM also benefitted from its fixed presence in Dodoma.

**While embedded technical assistance would appear most effective, it is not the preferred modality of the Government of Tanzania and is less sustainable in the long-term.** The Government of Tanzania is often reluctant to work with international experts, especially those embedded in government structures.<sup>14</sup> However, the government does recognise the value of international input, for example, on the benchmarking mentioned above. The government is receptive to international technical assistance, so long as it builds local capacity simultaneously.<sup>15</sup> Local knowledge and understanding is crucial in the Tanzanian context. Blending international expertise with local knowledge helps 'localise' knowledge and improve connections with Tanzanian stakeholders.<sup>16</sup> Overall, the Government of Tanzania is receptive to teams that combine trusted international expertise with local expertise.

The BHC is also supporting the Vision 2050 Secretariat and have convened the Development Partner Group to work with the government to help implement Vision 2050, with a strong emphasis on leveraging the private sector. Over recent years, there is a much greater emphasis on dialling down development partner funding and increasing self-sufficiency in Tanzania, including the need to catalyse additional investment to implement the government's priorities. For example, the UK is working in partnership with the government's PPP centre (providing technical expertise) to help attract private sector capital to fuel inclusive growth and reduce dependency on development partner funding in the future.<sup>17</sup>

#### b) External and internal enablers and barriers (e.g., assumptions, partnerships, context)

The combinations of levers described above were also contingent upon a number of internal and external enablers. **A significant opportunity to promote private sector driven reform arose when President Samia Suluhu Hassan assumed office on March 19, 2021, following the death of President John Magufuli on March 17, 2021.** The timing of the request for strategic planning support soon followed the change in government. Almost all of the interviewees agreed that the shift toward the private sector was substantial, in comparison with the previous phase of government. However, others raised concerns around growing corruption. *The instability introduced by the October 2025 election is also a major concern.*

**The quality of partnerships between the suppliers and government was a key enabling factor** that helped ensure the usefulness of the expert inputs and support the Vision 2050 process. Long-term presence and good relationships with the Government of Tanzania was a critical contextual factor. In addition, **partnerships with the multilateral development banks (e.g., IMF) lent credibility to the underlying knowledge base.**

**Assumptions on the global economy and macro-economic environment in Tanzania remain highly relevant for the continuing pursuit of government reforms** to improve the business environment and attract

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<sup>12</sup> Interview

<sup>13</sup> Interview

<sup>14</sup> Interview

<sup>15</sup> Interview

<sup>16</sup> Interview

<sup>17</sup> Marianne Young, British High Commissioner, in conversation with Mpoki Thomson (2025) *When will Tanzania achieve economic independence and reduce its reliance on foreign aid?* [Link](#)

investment. Tanzania has ambitions to reach middle-income status and needs to graduate its financial instruments.

### c) Cross-cutting issues

- **Climate change was incorporated into the Vision 2050.** According to interviews, this was supported by UK analysis.<sup>18</sup>
- **Gender mainstreaming was also promoted through knowledge products.** Vision 2050 recognises the substantial role and opportunities for women and youth in the future, especially given the burgeoning youth population. Work and Opportunities for Women (WOW) was a UK-funded, centrally managed FCDO programme (2017–2025) led by a PwC consortium to advance women’s economic empowerment globally. In Tanzania, WOW provided technical support to integrate gender equality into the country’s Vision 2050, advising on how to ensure women’s economic inclusion was embedded in long-term investment and policy planning. This was delivered through the £1.8 million WOW Fund and Helpdesk mechanism. In 2024, the WOW programme financed a briefing note, with recommendations on strengthening gender in investment policy reforms in Tanzania that was explicitly meant to support the preparation of Vision 2050.<sup>19</sup> However, gender mainstreaming was not emphasised during the interviews, beyond Aceli and the small seaweed investment.
- **The UK did not provide any specific support for youth engagement.** Despite the demographic profile, and on-going efforts, such as the ‘Youth Novel Idea’ facet within the 2050 Vision Development Plan, there is no specific documentation linking UK funding to these efforts and they were not mentioned during interviews.

#### 4.1.1. Harvested outcome 2: Tax reform

##### Summary

**What did the UK do?** The UK has provided long-standing support to Tanzania’s tax reform, combining technical assistance and capacity-building. Recent support is shifting focus to supporting reforms through diplomacy, convening and studies (e.g. KPMG) and representing private sector concerns.

**What were the outcomes?** The UK played a key role in driving momentum for evidence-based tax reform, contributing to momentary shifts in tax practices and the establishment of the Presidential Tax Reform Commission. These efforts also coincided with improved tax collection performance (e.g. 2% tax to GDP ratio increase over the last decade), which is not attributable to the UK alone.

##### What combination of levers worked well or not so well?

- Sequencing of private sector-facing diagnostics (e.g., KPMG), UK expertise (e.g. HMRC) and technical assistance (e.g. IGC and ODI), with escalation through UK-led diplomacy and convening (e.g. coordination of a formal development partner letter), worked well and delivered at least momentary adjustments to tax administration practices.
- Fly-in-and-out UK expertise did not appear as effective as more embedded advice.
- Notably the UK had provided long-term support to tax reform with substantial ODA funding, which now faces restrictions.
- Increased reform appetite within the Government of Tanzania was a critical contextual enabler but cannot be taken for granted

##### What are the lessons and opportunities for the future?

<sup>18</sup> Interview

<sup>19</sup> FCDO (2025). *Work and Opportunities for Women (WOW) programme: Strengthening gender in investment policy reforms in Tanzania*. [Link](#).

- The unique value of UK support was through demonstrating the private sector perspective through related research. There are opportunities to increase private sector engagement further through other avenues such as the BBG and European Chamber of Commerce.
- Bilateral development partners' alignment with their own private sector interests, reinforced by a 20-year programming legacy, has helped strengthen the implementation of the Government of Tanzania's tax reform agenda, with further opportunities to engage British firms.
- UK is perceived as a trusted actor among both international partners and domestic stakeholders. However, engagement with the private sector could be better coordinated.
- Arbitrary and unpredictable shifts in taxation, weak relationships with the TRA, limited uptake of external technical assistance, and lack of embedded support (e.g. fly in-and-out technical assistance), continue to constrain effectiveness].

*Strength of evidence rating: HIGH*

**The UK is a long-standing supporter of tax reform in Tanzania.** The UK has played a significant role in supporting tax reform in Tanzania, focusing on enhancing the efficiency, effectiveness and fairness of the country's tax administration. Previously, this was largely through programmatic support, such as the Tax Modernisation Programme 2013-2021, as well as wider support to public financial management reform especially during the general budget support era.<sup>20</sup>

Some of the tax reform challenges include the following:

- Complex and frequently changing tax laws leading to unintentional non-compliance.
- Limited adoption of electronic fiscal devices due to poor training and technical support.
- Resistance to formalisation by the large informal sector due to fear and bureaucratic burdens.
- Lack of taxpayer education and low trust in the TRA.

Tanzania's **tax-to-GDP ratio** remains low at **11.8%** in 2023, compared to regional peers like Kenya (15.6%) and Rwanda (14.3%).<sup>21</sup> While technology has the potential to transform Tanzania's tax administration, success depends equally on building trust, ensuring clarity, and engaging stakeholders, especially small traders and the informal sector.<sup>22</sup>

**There were notable improvements in tax enforcement and strengthening of tax practices.** By 2021, according to the British High Commissioner, Tanzania had introduced a range of taxpayer-focused reforms including risk-based VAT refund verification, an electronic refund management system, expanded online tax services, taxpayer service centres, proactive communication tools, and inclusive tax education initiatives across digital and traditional platforms.<sup>23</sup> These were supported by decades of UK and other development partners support to various phases of tax reform in Tanzania, including through the Strengthening Public Financial Management in Tanzania programme (2018 – 2026).

**TRA's practice of issuing agency notices – which allowed for the freezing of taxpayers' bank accounts – faced significant criticism from both domestic and international stakeholders.** In June 2024, a traders' strike in Tanzania drew attention to abrupt and retrospective tax assessments, as well as the arbitrary freezing of business accounts. In response, ambassadors from ten countries – including the US, UK, Germany, and others – issued a joint letter warning that such enforcement practices were harming investor confidence and

<sup>20</sup> FCDO (n.d.). *Tax Modernisation Programme Grant – Corporate Plan 4*. [Link](#)

<sup>21</sup> R. Kyomo and J. Buhimila (2025). Keeping the Revenue Performance Ship Afloat: A Case of Tanzania Revenue Authority, *African Journal of Empirical Research*, Interview

<sup>22</sup> Kyomo 2025

<sup>23</sup> BHC Tanzania (2021) Taxation (Presentation for the Tanzania UK Business Forum)

disrupting business operations. These concerns echoed those raised by Tanzanian traders, particularly regarding unevidenced TRA notices dating back up to 15 years.<sup>24</sup>

On July 2, 2024, **the President removed the TRA Commissioner General**, Alphayo J. Kidata. While acknowledging his integrity and performance, the President cited mounting political and institutional pressures as reasons for his reassignment. He was appointed as the President's tax advisor, a role emphasising strategic oversight. Yusuph Juma Mwenda, formerly the head of the Zanzibar Revenue Authority (ZRA), succeeded him. Mwenda was tasked with enhancing professionalism within the TRA, improving taxpayer relations, and achieving ambitious revenue targets of TSh 29.4 trillion.

In October 2024, President Samia **inaugurated the Presidential Commission on Tax Reform**, led by Ambassador Ombeni Sefue. The commission comprises experts from various sectors, including finance, law and academia. Its mandate includes:

- Streamlining tax procedures to reduce inefficiencies.
- Encouraging voluntary tax compliance.
- Broadening the tax base.
- Boosting revenue collections.
- Optimising tax estimation and payment processes

In the press conference, the Commission's chairman stated that; "Our mission is to create a tax system that is simple, fair, and transparent, through the inputs of stakeholders, we are ready to listen to everyone – individuals, professional associations, and business communities to ensure that the proposals we submit to Her Excellency are comprehensive and meaningful".<sup>25</sup> These measures were influenced by the long-term commitment of the development partners, including the UK to tax reform in Tanzania, the evidence base generated, especially representing the grievances of the private sector, and through UK diplomacy and convening of development partners through the joint letter.

However, **tax reforms, also with other UK-supported tax programmes, have subsequently stalled again due to challenging "ways of working"** with the TRA.

While HMRC (and others) provided technical support to the TRA, it is unclear what the outcomes were, and the uptake of skills and knowledge is generally difficult to measure. Despite meaningful engagement with TRA – including national consultations, staff training visits to London and leadership development programmes – stakeholders acknowledge a consistent challenge with measuring the impact of these capacity-building efforts. Internal documents and learning exchanges are valued, but outcomes like improved staff awareness or long-term leadership development remain difficult to track. Some participants also perceive training trips as leisure-focused, raising questions about value for money and the sustainability of knowledge transfer.<sup>26</sup>

**The strength of evidence for this outcome is assessed as high**, based on clear triangulation across interviews, programme documents, public statements, and policy outcomes. The UK's convening role among development partners, its commissioning of private sector focused diagnostics, and its coordination of a joint diplomatic letter all supported notable shifts in Tanzania's tax enforcement practices and the establishment of the Presidential Tax Commission. UK-supported KPMG studies captured critical private sector concerns and were well-received by government stakeholders, helping shape the reform agenda. While attribution is shared with other actors, and TRA engagement remains complex, multiple independent sources confirm that UK diplomatic, technical, and knowledge-based levers played a catalytic role in prompting reform momentum. These contributions, though largely non-programmatic, are widely recognised and reflected in downstream political and institutional changes.

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<sup>24</sup> The Chanzo Reporter (1 July 2024). *After Traders' Strike, Envoys Call for Dialogue Citing Unfair Tax Practices to Investors and Arbitrary Freezing of Bank Accounts in Tanzania*. [Link](#)

<sup>25</sup> Bachwa, J. (2024). *The Tanzania Tax Reforms Commission Begins Work by Seeking Public Recommendations*. [Link](#)

<sup>26</sup> Interview

### a) Combination of levers

**UK-led diplomacy, expertise, convening efforts, and technical assistance were key levers in promoting tax reforms.** The sequencing of the generation of credible new knowledge from the private sector perspective, followed by related UK expertise from the BHC and technical assistance (e.g. IGC, HMRC and ODI), perhaps also with the coordinated push through the formal letter by embassies, culminated in the tax reforms outlined above. However, they remain susceptible to set-backs. The UK's primary levers on tax reform were UK expertise, technical assistance, diplomacy and convening, with minimal use of ODA, though there is a substantial legacy of related programming extending back 20 years or more (see Figure 6).

Figure 6: Strength of levers – tax reform

Non-programmatic	Tax reform	Programmatic	Tax reform
UK expertise	3	Technical assistance	3
Convening and partnership facilitation	2	Direct delivery	1
Diplomacy and influencing	3	ODA	1
Leveraged private finance	0	Leveraged public finance	0

The UK played a catalytic role through convening private sector perspectives (e.g. studies by KPMG), coordinating the joint ambassadorial letter, and providing technical support via HMRC despite its limited in-country presence. However, the reform process was hindered by fragile institutional relationships with the TRA, low uptake of external technical assistance, and the absence of embedded support, underscoring the limits of non-programmatic levers in politically sensitive areas like taxation.

The studies by KPMG were initiated in 2021 by the UK in response to concerns from Tanzania's private sector about frequent tax policy changes, heavy-handed enforcement, and a challenging business climate. **The uniqueness of the research generated was in the representation of private sector views.** The studies documented the main issues, including the survey results, and aimed to inform dialogue between government and the private sector and suggest policy options based on international benchmarks. The reports outlined the following issues:<sup>27</sup>

- **Tax policy formulation:** Frequent changes with little consultation. No medium-term tax strategy – most decisions are short-term and unpredictable. Businesses felt excluded from budget preparation and gained little from submitting feedback.
- **Tax enforcement and disputes:** Widespread dissatisfaction (76%) with TRA's tax practices. 83% experienced unexpected assessments and 67% had to dispute them formally. Major concerns included the practice of freezing bank accounts, requiring upfront payment of 1/3 of disputed tax, and slow resolution of appeals, as well as perceived harassment and inconsistent application of tax laws.
- **Administrative issues:** Delays in VAT refunds (64% of claims pending >3 years), with 45% of businesses stating that VAT arrears equalled over 20% of their working capital.
- **Challenges with electronic fiscal devices:** Poor rollout, limited support and technical issues. While e-filing adoption was high, support and reliability were lacking.
- **Customs administration:** Tanzania lags behind East African Community (EAC) peers in terms of customs efficiency. Complaints included valuation disputes, delays and high clearance costs.

The studies recommended that Tanzania improve tax policy by extending consultation periods, adopting medium-term tax strategies, forming a permanent public-private tax committee, and increasing public education on reforms. To address tax assessments and disputes, the studies propose replacing the one-third prepayment rule with payment of only undisputed amounts, enforcing legal time limits for dispute resolution, and introducing Alternative Dispute Resolution (ADR) mechanisms. Finally, the studies recommend full integration of domestic tax systems, enhancement of TRA's Business Intelligence Unit, piloting of advanced

<sup>27</sup> KPMG (2021) *Emerging Issues in Tanzania's Tax and Business Environment*

data analytics tools, and the creation of a secure, high-availability data centre to improve compliance and fraud detection. The report acknowledges the Tanzanian government's efforts to improve tax engagement, but stresses that deep structural reforms are still required to build trust, ensure fairness, and support economic growth. The proposed policy changes aim to foster a more predictable, transparent, and collaborative tax system aligned with national development goals.<sup>28</sup>

The value-add of the studies and a critical enabler of reform was the **representation of the (often overlooked) private sector in a format appreciated by the Government of Tanzania**. The survey found that 76 percent of respondents were not satisfied with the tax administration. The Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and Tanzania Private Sector Foundation (TPSF), with support from TMA, played a critical role in identifying private sector views. A previous survey in March 2021 found that 88 percent of businesses surveyed reported receiving, what they considered to be, an arbitrarily high tax assessment.<sup>29</sup>

The UK engaged with business organisations, such as the BBG, to understand challenges and coordinate inputs into the paper to present to the Government of Tanzania. One interviewee highlighted that the EU and bilateral development partners brought particular value-added by representing the views of the investors from their respective countries into the process.<sup>30</sup> At the same time, many interviewees noted that the BBG was rather informal, and not composed of UK businesses, but local businesses with connections to the UK.<sup>31</sup>

**While there is value in research and diagnostics from different perspectives (e.g. private sector), coherence and coordination are needed to avoid potential duplication and research fatigue by the Government of Tanzania**. While there was a plethora of research conducted, no one specifically mentioned that UK supported research duplicated effort of others.

**Technical assistance was provided by a number of UK providers, though there is a general distrust of external support, especially in the sensitive realm of tax reform**. The studies were followed by the development of new programmes providing technical assistance. Support was provided by various suppliers (IGC and ODI) including other HMG departments (e.g. HMRC). HMRC's role was directly related to the sharing of UK experience in customs and was longstanding, extending back to much earlier, formal programming. Working with external consultants can be difficult due to institutional preferences and sensitivities exhibited by the government. Local presence and continuity helped build trust during one phase of the project. Challenges emerged when the government showed reduced engagement and delayed progress.<sup>32</sup>

**The UK used high level diplomacy and the convening of development partners and foreign chambers of commerce to demarche the government, ultimately reducing aggressive tax behaviour at least momentarily**. The UK coordinated a letter to the Government of Tanzania regarding TRA's aggressive tax behaviour. *"We have seen improvement though [in the tax practices], with other partners US and Europeans. Heads of embassies really opened the door for conversations with the new TRA Director General."*<sup>33</sup> A special presidential committee on tax was also created as a result to address these issues. Although government reaction was limited, the coming together, generation of evidence, coordinating confidential networks and confidently submitting it to government was considered a big win.<sup>34</sup>

**The UK was a particularly trusted convenor among development partners, partly due to the perceived access by the BHC to the Government of Tanzania**. According to one interviewee, *"in January 2020, in the Magufuli years, when donors did not have any access, we had a good network and called a meeting to establish what*

<sup>28</sup> KPMG (2021). *Policy Options for Improving Tanzania's Tax and Business Environment*

<sup>29</sup> KPMG (2021) *Emerging Issues in Tanzania's Tax and Business Environment*

<sup>30</sup> Interview

<sup>31</sup> Interviews

<sup>32</sup> Interview

<sup>33</sup> Interview

<sup>34</sup> Interview

*people knew and did not know between donors and private sector. It positioned BHC as a trusted convenor, honest broker.”<sup>35</sup>*

**However, the attribution of the tax reform to the UK is not completely clear, with contribution claims also by others (e.g. TPSF and TMA).** The role of the formal development partner letter coordinated by the UK was disputed, depending upon the interviewee, with HMG interviews emphasising its role, while externals de-emphasised its significance, even considering it potentially negative, undermining to a degree the wider private sector led efforts for reform. In addition, **the letter may have been a missed opportunity for deeper and closer collaboration with Tanzania’s private sector, who were engaging separately with TRA on tax reform.**

The diplomatic outcry over tax administration practices had initially caught attention, but stakeholders felt it could have been better coordinated with the private sector and more effectively channelled through formal mechanisms like trade attachés or the Tanzania National Business Council (TNBC).<sup>36</sup> While the private sector may not have been fully aware of ongoing support efforts in this area, their pressure nonetheless prompted a shift. Although the approach was confrontational, it demonstrated that when the private sector voiced its concerns forcefully, it could influence predatory tax practices and tax reform, though structured engagement might have yielded broader and more sustained outcomes. **There is a need for more comprehensive tax reform,** however, these efforts were paused due to the election year.<sup>37</sup>

#### b) External and internal enablers and barriers, including partnerships

A critical contextual enabler was the increased appetite within the Government of Tanzania for reform, but this should not be taken for granted. The partnership with the TRA was challenging, but possible. Another key enabler was the UK’s role as trusted convenor among development partners, with unique access to the Government of Tanzania (e.g. drafting of the letter).

**The main value-added of the UK funded tax research was the representation of the private sector views and part of the unique value proposition of the UK and other development partners (e.g. EU), highlighting the importance of the partnership with the private sector . Capturing the views of the private sector was a critical enabler for reform, however the letter may have been a missed opportunity for deeper and closer collaboration with Tanzania's private sector.**

#### c) Cross-cutting issues

There was no demonstrable evidence of the mainstreaming of cross-cutting issues in the tax reform efforts.

#### 4.1.2. Harvested outcome 3: Infrastructure

##### **Summary**

**What did the UK do?** The UK supported Tanzania’s infrastructure investment most visibly through the Dar es Salaam Maritime Gateway Project and UKEF guarantees to infrastructure investments in Zanzibar, combining technical studies, investment transaction advice, and convening to unlock additional financing and major efficiency and investment gains.

**What were the outcomes?** Catalytic UK contributions to infrastructure development were made in Tanzania, ensuring larger funding went ahead through significant leverage effects (e.g., World Bank financing of the Dar es Salaam port expansion). The UK strategically shifted towards risk-backed, commercially oriented instruments designed to crowd in public and private capital (e.g. UKEF guarantees in Zanzibar).

<sup>35</sup> Interview

<sup>36</sup> Interviews

<sup>37</sup> Policy Forum (2025). *Addressing Tanzania’s Tax Challenges: A Call for Reform to Foster Sustainable Growth*. [Link](#)

**What combination of levers worked well or not so well?**

- The UK successfully blended programmatic and non-programmatic levers, including technical assistance and targeted ODA (also via centrally managed programmes), to unlock very large-scale public (e.g., World Bank financing) and private finance (UKEF guaranteed investments).
- The UK had indirect influence on business environment reform, most notably through its long-term partnership with TMA.
- The UK funded capacity building through long-term, embedded international expertise within the Tanzania Port Authority.
- Indirectly, the UK facilitated direct delivery of infrastructure works, predominantly funded by the World Bank, with limited ODA allocations still being considered high value.

**What are the lessons and opportunities for the future?**

- Infrastructure remains a long-standing Government of Tanzania priority, demonstrated by sustained interest in the PPP Centre. The UK has relevant experience and a positive track record of impact, even as some development partners remain sceptical about the maturity of PPP efforts.
- The Tanzanian government places strong trust in long-term UK partners, such as TMA, creating opportunities to maintain influence in key areas of reform with opportunities to continue operating in partnership with the TMA.
- The UK is seen as a neutral and technically competent partner within development partner groups, which provides opportunities to continue shaping sector dialogue, notably on innovative blended and private finance instruments, though this credibility may hinge on bringing some financing to the table.
- A major challenge is the continuing need for substantial grant financing to support infrastructure investments and leverage additional finance.
- There is a disconnect between the UK's climate ambition and its operationalisation in hard infrastructure sectors, particularly beyond ODA investments, which risks undermining credibility. There is a demonstrated need to continue influencing the climate resilience of infrastructure through UK expertise and convening, notably also with key UK partners such as BII, PIDG and UKEF.
- Gender, social inclusion, and conflict sensitivity are largely absent from infrastructure investments, representing an opportunity for UK expertise and convening to increase impact and alignment with shared UK and European values.
- There is a risk of declining UK influence due to the substantial reductions in the ODA envelope and the growing presence of non-traditional partners such as China, Turkey and India.

*Strength of evidence rating: HIGH*

**UK-supported infrastructure interventions in Tanzania span three distinct modalities of engagement**, each illustrating a different way the UK has deployed its influence, expertise and instruments to shape infrastructure outcomes over time. Together, these examples reflect the UK's evolving strategy from direct aid provision toward a **catalytic role in mobilising and shaping larger infrastructure finance** in alignment with Tanzania's development priorities.

The UK has developed considerable experience over the past decade in using its grant funding to attract larger amounts of financing (particularly for infrastructure projects) by leveraging concessional loans and similar instruments. While this approach is not new, there is a growing focus on alternative financing of modalities as ODA declines.

The **Dar es Salaam Maritime Gateway Project** is the **first and most strategically significant UK engagement**, where **UK-funded feasibility studies** laid the groundwork for a **USD 345 million investment by the World Bank**. The partnership with the World Bank is an early example of leveraging UK grant money and knowledge work for much larger sums of concessional International Development Association (IDA) loans. The UK's role was catalytic rather than financial, with its technical assistance improving the quality of project design,

bolstering institutional readiness, and facilitating development partner coordination. The total cost of the original technical assistance and institutional support, which included feasibility studies, was approximately £4 million out of a total UK allocation of £40 million<sup>38</sup>. According to stakeholders, this was a textbook case of **de-risking a transformational infrastructure project** through technical credibility and advisory support. The operational impact has been sustained, with port throughput reportedly rising from **14 million to over 22.14 million tonnes**, reflecting significant improvements in cargo flow, port efficiency and trade facilitation.<sup>39</sup>

The **second stream of UK engagement** centres around the **deployment of UKEF guarantees**, most notably a **£373 million facility** supporting planned infrastructure in Zanzibar (also see section 4.1.3). This includes the future construction of **Pemba International Airport** and **road upgrades across Unguja Island**. These commitments reflect a **strategic pivot from traditional ODA grants toward risk-backed, commercially oriented instruments** designed to **crowd in public and private capital**. Although construction has not yet begun, the scale of the guarantee commitments already constitute **one of the UK's largest financial footprints in Tanzania's infrastructure pipeline**, demonstrating the potential of export credits to unlock politically prioritised investments.<sup>40</sup>

The **third and more indirect form of influence** involves support to **institutional and regulatory capacity development**, particularly through **TMA**. A recent example is the **opening of a new port gate in Zanzibar**, which is improving logistics coordination and regional trade access. While not directly funded by the UK, this development benefited from **UK-supported ZIPA capacity-building** via TMA. This type of engagement illustrates the **UK's role as a systems-level actor**, where support for regulatory reform, institutional strengthening, and investment climate improvements can **enable wider infrastructure outcomes**, even in the absence of direct funding. Such influence is more difficult to quantify but was validated in interviews with partners who attributed project readiness and enabling environment gains to long-term UK engagement.

Taken together, these examples reflect a **conscious and coherent UK shift from direct delivery to more catalytic and strategic infrastructure engagement**, combining **early-stage technical assistance, multilateral leverage, export credit instruments, and institutional development**. The substantial ODA reductions was a major contributing factor to the shift. The UK's approach aligns well with the **Government of Tanzania's infrastructure-first agenda**, as outlined in the **FYDP III**, while also reflecting **post-DFID-FCO merger recalibrations of UK development policy**, which emphasise prosperity partnerships, export support, and 'whole-of-government' coordination.<sup>41</sup>

Looking ahead, there are **further opportunities in infrastructure**, namely around the PPP centre, that are clear major government priorities, and where the UK has demonstrated experience and impact, also in partnership with TMA, and which do not require significant ODA allocations.

The **strength of evidence for this outcome is high**, based on triangulation of multiple sources. Interviewees directly involved in infrastructure development<sup>42</sup> described the **enabling role of UK feasibility studies**, the **strategic use of UKEF guarantees**, and the **broader impact of institutional support through TMA**. These insights were reinforced by **programme documentation from the C4G initiative**, which tracks **improvements in port efficiency, throughput, and logistics coordination**. Additional credibility is provided by the **financial values – USD 345 million in World Bank financing** and the **£373 million UKEF guarantees** – cited consistently across interviews and official sources. The alignment of findings across qualitative and quantitative evidence supports a **high level of confidence in both the reported outcomes and the UK's contribution to them**.

<sup>38</sup> Business Case (2015) *Dar-es-Salaam Port Improvement Programme* (Preparatory Phase)

<sup>39</sup> World Bank (2025). *Tanzania: Dar es Salaam Maritime Gateway Project – Implementation Status Report*. [Link](#); Interview

<sup>40</sup> UK Department for Business and Trade, 2023; Interview

<sup>41</sup> National Audit Office (2024). *Progress with the Merger of the FCO and DFID*. [Link](#); Ministry of Finance and Planning, United Republic of Tanzania (2021). *Third National Five Year Development Plan (FYDP III), 2021/22–2025/26: Realising Competitiveness and Industrialisation for Human Development*. [Link](#)

<sup>42</sup> Interviews

a) Combination of levers

The UK’s infrastructure engagement in Tanzania was characterised by a deliberate blending of programmatic and non-programmatic levers, deployed strategically to maximise catalytic influence despite a relatively modest financial footprint. On the programmatic side, UK-funded feasibility studies and technical assistance, delivered through platforms such as C4G and TMA, played a critical role in project preparation and pipeline development. The UK also had indirect influence on business environment reform and capacity at the port authority, through its long-term partnership with TMA and embedded advisors at the port authority. These early-stage inputs helped shape technically sound and commercially viable proposals that were later picked up by DFIs such as the World Bank. The UK played a formative role by financing the initial feasibility studies for the Dar Port project and fostering the partnership with the World Bank via TMA.

Figure 7 shows that the UK effectively leveraged relatively smaller sums of ODA through programming to finance the technical assistance required to prepare for the direct delivery of very large public infrastructure investments, convening partners and leveraging substantial additional public finance from DFIs.

Figure 7: Strength of levers – infrastructure

Non-programmatic	Infrastructure	Programmatic	Infrastructure
UK expertise	1	Technical assistance	3
Convening and partnership facilitation	3	Direct delivery	3
Diplomacy and influencing	2	ODA	2
Leveraged private finance	3	Leveraged public finance	3

More recently, outside of regular programming, the UK has also successfully leveraged private finance, through BII and UKEF. **The UK effectively leveraged UKEF guarantees and UK convening power to influence infrastructure priorities without the need for large-scale grants.** The UKEF guarantees allowed the investments in Zanzibar to leverage commercial loans (e.g. with Citi and Deutsche Bank). The UKEF-backed commitments for Pemba Airport and Unguja road infrastructure in Zanzibar exemplify how the UK used risk-backed instruments to crowd in additional public and private capital. This shift from direct aid to catalytic financing is closely aligned with the UK’s strategy on sustainable infrastructure and prosperity partnerships.

**This combination of upstream technical assistance sufficiently early and financing levers enabled the UK to maintain strategic relevance in a highly competitive development partner environment.** By coordinating technical assistance with financial signalling through its guarantees, the UK helped to de-risk high-priority infrastructure investments and align them with the Government of Tanzania infrastructure-first development strategy, as articulated in FYDP III.

The UK’s effectiveness also stemmed from its **reputation for neutrality and technical competence in the various development partner groups.** Interviewees highlighted BHC’s role as a ‘trusted convenor’ and ‘honest broker’ (see earlier quote under section 4.4.1 on tax reform), particularly in moments where other partners were constrained by political positioning or conditionalities. This neutrality allowed the UK to facilitate alignment across government and development partner stakeholders and to shape project pipelines even in politically sensitive contexts.

**The UK’s catalytic role was particularly visible at the early stages of engagement, where its influence was not tied to the size of its cheque book but to the credibility, timing, and coherence of its offer.** With the relatively limited UK ODA investment of £10 million out of £420 million in the Dar es Salaam Port Programme (Preparatory Phase), the UK played a catalytic role in leveraging both public finance for a total investment of up to £900 million to date, with the latest commitment of private financing through the DP World Concession estimating up to £1 billion in investments over the next 30 years.<sup>43</sup> By combining well-targeted technical assistance, financial de-risking mechanisms, and strategic diplomacy, the UK was able to influence project

<sup>43</sup> DP World (2023) *DP World Signs 30-Year Concession to Operate the Multi-Purpose Port of Dar es Salaam in Tanzania*. [Link](#)

design, unlock co-financing, and maintain relevance in Tanzania’s infrastructure agenda, despite declining ODA allocations.

## b) External and internal enablers and barriers

A major enabling factor for UK engagement in infrastructure was the **Government of Tanzania’s long-standing prioritisation of infrastructure-led development**, which intensified under President Samia Suluhu Hassan’s previous administration. In the first few years of her presidency, President Samia championed a more **pragmatic, private sector-oriented, and internationally collaborative economic strategy** than her predecessor. This shift was formalised in national strategies such as **FYDP III**, which places infrastructure investment, particularly in transport, ports, airports and energy, at the centre of the government’s industrialisation and competitiveness agenda.<sup>44</sup> While previous support to infrastructure was not specifically raised as a factor in strengthening the UK partnership with the government, the risk of losing influence with the drastic reduction in the ODA envelope was raised by numerous interlocutors.

Under her previous administration, the Government of Tanzania actively sought to **leverage concessional financing, development partner coordination and PPPs** to accelerate infrastructure rollout. President Samia’s attendance at global forums, such as the Tanzania–EU Business Forum (2023) and the UK–Tanzania Business Forum (2022), signalled renewed commitment to working with international partners. In these forums, she repeatedly emphasised the need for strategic infrastructure to unlock investment, regional trade and job creation.<sup>45</sup> The UK’s technical credibility and neutral positioning allowed it to engage effectively in this window of opportunity.

Interviewees consistently described the **Government of Tanzania’s openness to feasibility studies, concessional finance, and co-financing arrangements** as a defining enabler. One stakeholder observed that, “TMA-supported feasibility studies helped us access World Bank and other financiers”.<sup>46</sup> Another highlighted the tangible UK financial footprint in Zanzibar, stating, “we’ve deployed £370m+ on two projects in Unguja and Pemba”.<sup>47</sup> These examples reflect how UK-backed early-stage inputs were aligned with government demand and sectoral prioritisation, especially in transport and logistics.

Internally, the UK’s **ability to coordinate a mix of levers, technical assistance, diplomacy, and financing tools, was pivotal**. This included delivery via **centrally managed programmes**, implementing partners like **TMA**, and financing instruments such as **UKEF guarantees**. More coherent cross-HMG planning (e.g. MPP and JAPs) with shared objectives and concrete targets, notably for UK investments into Tanzania, as well as practical measures to improve coordination (e.g. clarifying reporting lines, co-location of the FCDO and DBT, staff turnaround), were key for operationalising the levers. These allowed the UK to maintain influence across design and pre-financing stages despite its declining bilateral aid envelope.

However, constraints were also noted. The **sharp drop in UK ODA to Tanzania, from nearly £100 million in 2020 to under £30 million in 2023**, limited the UK’s capacity to engage at scale during project implementation phases.<sup>48</sup> Furthermore, institutional mistrust and political sensitivities under the Fifth Phase Government (2015–2021), marked by centralised control and limited development partner transparency, curtailed early engagement opportunities and development partner confidence.<sup>49</sup> Although the policy environment

<sup>44</sup> Ministry of Finance and Planning, United Republic of Tanzania (2021). *Third National Five Year Development Plan (FYDP III), 2021/22–2025/26: Realising Competitiveness and Industrialisation for Human Development*. [Link](#)

<sup>45</sup> FCDO (2023). *UK–Tanzania Development Partnership Summary, July 2023*. [Link](#).

<sup>46</sup> Interview

<sup>47</sup> Interview

<sup>48</sup> FCDO (2024). *Annual Report and Accounts 2023–2024*. [Link](#)

<sup>49</sup> World Bank (2021). *Tanzania Economic Update: What Will it Take for Tanzania to Become a Successful Middle-Income Country?* [link](#); Bertelsmann Stiftung (2022). *BTI 2022: Regional Report Southern and Eastern Africa – One Step Forward, Two Steps Back*. [Link](#)

improved markedly under President Samia's previous administration, the October 2025 residual caution persists *and is exacerbated by the instability introduced through the October 2025 election*.

**UK engagement has been strongest in the feasibility, planning, and pre-financing stages, where its technical value-add is most appreciated.** However, the **UK's catalytic tools, while impactful, cannot substitute for the large-scale capital investment required to close Tanzania's persistent infrastructure gaps**, especially in hard infrastructure such as ports, roads and airports. As such, **UK influence during project execution remains inherently limited** by its financial footprint and the absence of long-term capital programming. **This limitation is particularly relevant in a context where non-traditional partners (such as China, Turkey and India) are increasingly active in Tanzania's infrastructure space, offering large-scale financing without the same emphasis on safeguards or technical preconditions.** This geopolitical competition may further constrain the UK's ability to shape implementation trajectories unless it can consistently combine early-stage influence with sustained, value-added engagement throughout the project lifecycle.

### c) Cross-cutting issues

Infrastructure investments, particularly those involving ports, roads and airports, carry significant environmental footprints. **While UK strategy documents and programme frameworks (e.g. C4G and MPP) acknowledge the need for climate-smart infrastructure, explicit climate conditionality was not consistently embedded in the infrastructure-related guarantees or technical assistance reviewed.** For example, UKEF guarantees for the Zanzibar transport projects did not appear to include any climate-linked criteria or reporting mechanisms, despite their scale. Some feasibility studies (e.g. under C4G) considered environmental factors, but there is limited evidence that resilience or adaptation were formally tracked in implementation or monitoring documents. This highlights a disconnect between the UK's climate ambition and how it is operationalised in hard infrastructure sectors.

**The infrastructure interventions reviewed were largely gender-neutral in design, focusing on throughput, efficiency and trade logistics.** This is not unusual for physical infrastructure projects, but UK guidance expects cross-cutting objectives to be considered where relevant. However, gender was not explicitly reflected in project design, technical assistance delivery or investment conditions under the C4G portfolio or UKEF-supported work. Some positive but indirect contributions were noted, such as TMA-supported institutional strengthening and capacity building (e.g. at ZIPA), which reportedly included inclusive service delivery elements, although these were not tied to measurable gender outcomes. The absence of gender-responsive indicators or gender-disaggregated data in infrastructure reporting represents a missed opportunity for mainstreaming.

**There is no direct evidence of inclusion objectives or monitoring related to marginalised groups, geographic disparities or youth participation in the infrastructure investments reviewed.** However, certain projects, such as investments in Pemba and Unguja, have the potential to contribute to spatial equity and regional integration, which are aligned with the broader goals of inclusion. These indirect benefits are not formally captured or evaluated, either in project documents or stakeholder interviews. Infrastructure access, labour participation and procurement policies could serve as entry points for advancing inclusion, but these are not yet systematically considered within the UK's infrastructure engagement in Tanzania.

**Conflict sensitivity was not explicitly** addressed in any infrastructure-related documentation or stakeholder interviews. This likely reflects the relatively low-conflict context of Tanzania and Zanzibar, particularly in infrastructure sectors. However, given the potential for local-level disputes around land acquisition, compensation or access, especially in projects involving new roadways or ports, a more proactive conflict-sensitive lens would be prudent in future programming. The risk of social tension was not identified in the C4G programme documentation reviewed, nor were mitigation measures described. This suggests that conflict risks are currently under-analysed, rather than absent. *The instability following the October 2025 election further highlights this concern.*

#### 4.1.3. Harvested outcome 4: Investment promotion<sup>50</sup>

##### **Summary**

**What did the UK do?** The BHC promotes investment in Tanzania through high-level dialogue and business forums. FCDO supports investment environment reforms and transactions and DBT engages UK firms and mobilises instruments such as UKEF to attract private investment.

**What were the outcomes?** Concrete investment outcomes were facilitated by UK agencies (e.g., BII, DBT and UKEF), notably £373 million in UKEF-guaranteed infrastructure projects in Zanzibar, as well as smaller deals (e.g., seaweed processing), ensuring that larger funding went ahead and was more commercially oriented.

**What combination of levers worked well or not so well?** The UK deployed catalytic financial instruments (e.g. guarantees) to signal confidence and unlock investment opportunities. These were reinforced by diplomatic engagement by FCDO, building relationships with government counterparts, helping move investment deals toward conclusion. In parallel, direct transaction advisory support by DBT complemented diplomacy, with business forums and joint action planning (FCDO and DBT) creating the platforms to structure deals. Underpinning these efforts, programming provided technical assistance and grant finance (FCDO for enabling environment reforms and DBT for project preparation), ensuring investments were both bankable and sustainable.

##### **What are the lessons and opportunities for the future?**

- The UK government was seen as instrumental in identifying bankable investments, combined with UK expertise in finance, supporting enabling environment reforms and leveraging public and private capital. There are continuing opportunities to share UK expertise in these areas. The UK's ability to coordinate a mix of levers was pivotal, including diplomacy, centrally managed programmes, implementing partners and financing instruments.
- More coherent cross-HMG planning with shared objectives and concrete targets, agreed with Government, as well as practical measures to improve coordination (e.g. clarifying reporting lines, co-location of the FCDO and DBT, staff turnaround), were key for operationalising the levers and ensuring UK influence.
- However, investment deals remain complex, with a substantial time-lag, requiring substantial diplomacy, influencing and patience by the BHC.
- Inter-agency coordination by the BHC, especially with London-based agencies, is challenging but critical, with mutual benefits and substantial opportunities for improvement, including potential co-location at the BHC.
- There is also substantial competition from new investors, notably from China, Turkey and India, requiring active diplomatic and commercial representation.

*Strength of evidence rating: HIGH*

**Tanzania has strong investment potential** due to its natural resources, and regional access, **but investor confidence has been undermined** by heavy-handed tax enforcement, unpredictable policy changes and bureaucratic inefficiencies. A key aim of FYDP III is to build a competitive economy that will stimulate trade, investment and human development. Infrastructure has long been a priority for the Government of Tanzania, and there is strong political commitment to advancing PPP initiatives and attracting investments.<sup>51</sup> The UK

<sup>50</sup> Note, this section includes some overlap and therefore repetition with the preceding section (4.1.2 on infrastructure)

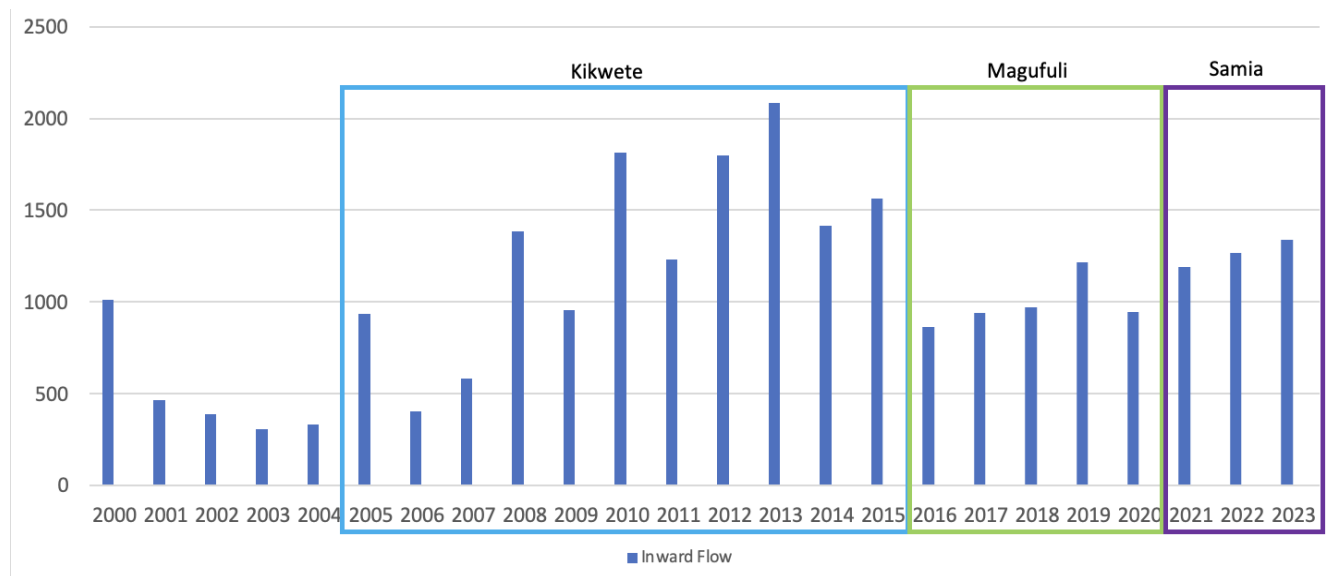
<sup>51</sup> Interview

committed to supporting Tanzania deliver Vision 2050 through catalytic financing and facilitating investment across a range of sectors and sub-sectors.<sup>52</sup>

**FDI inflows and stocks**

**Tanzania is a top destination in East Africa for FDI.**<sup>53</sup> FDI is concentrated in extractives, manufacturing and services, but has limited backward linkages to the local economy.<sup>54</sup> **FDI inflows to Tanzania have fluctuated over the years** (see Figure 8).<sup>53</sup> Under Kikwete, FDI grew significantly, though sporadically, peaking in 2013. This remains the peak in FDI inflows to date. Overall, FDI inflows declined between 2013 and 2016, rebounding slightly during Magufuli’s presidency, and dropping again in 2020 largely due to COVID-19. Under President Samia’s previous administration, FDI inflows steadily increased, aligning with efforts to improve the investment climate but have yet to reach 2010-15 average levels. In 2023, FDI inflows reached \$1.3 billion, the highest level since 2015.

Figure 8: Tanzania foreign direct investment inflows, USD millions



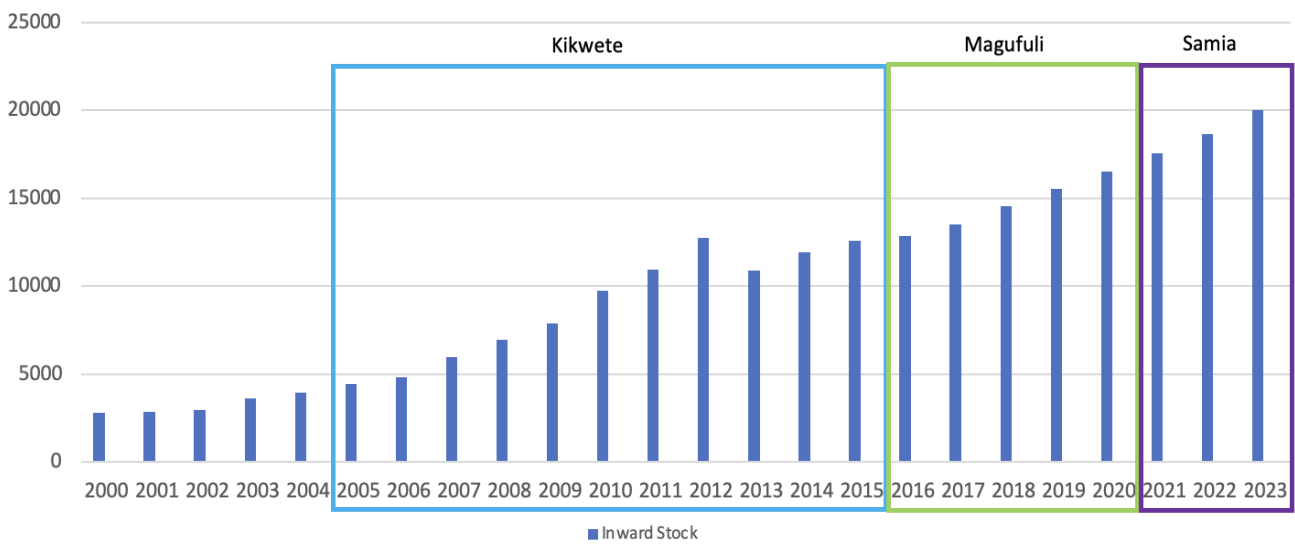
**FDI stocks show greater stability (as is usually the case) compared with annual inflows** (see Figure 9). Despite a dip between 2012 and 2014, due to concerns over political stability and regulatory uncertainty in mining and energy, FDI stock continued to rise through the Magufuli administration and the COVID-19 pandemic. By 2023, Tanzania’s total FDI stock peaked at just under \$20 billion.

<sup>52</sup> UK in Tanzania (2024). #GoFarGoTogether: Vision 2050. [Link](#); Department for Business and Trade (2025). *Strategic Asset Management Plan: Executive Summary 2025–2026*. [Link](#)

<sup>53</sup> UNCTAD (2024). *World Investment Report 2024: Investment Facilitation and Digital Government*. [Link](#); UNCTAD (n.d.). *FDI/MNE Database – Investment Statistics and Trends*. [Link](#); Bank of Tanzania (n.d.). *Publications – Investment Reports*. [Link](#)

<sup>54</sup> EACD (2022) *Analysis of determinants and constraints of foreign investments to Tanzania – Inception Report*

Figure 9: Tanzania foreign direct investment stock, USD millions



**UK FDI inflows to Tanzania** have fluctuated significantly over the last decade. Despite fluctuations, **the UK has consistently ranked as one of the leading sources of FDI**. In 2023, the top sources of FDI inflows were Mauritius (1<sup>st</sup>), Australia (2<sup>nd</sup>), the UK (3<sup>rd</sup>) and the Netherlands (4<sup>th</sup>), with a notable increase in FDI inflows from Australia due to changes in the ownership structure of mining and quarrying companies. In 2022, the top sources were Netherlands (1<sup>st</sup>), Canada (2<sup>nd</sup>), Mauritius (3<sup>rd</sup>) and UK (4<sup>th</sup>). In terms of FDI stocks, the top source countries remained broadly the same, with the UK maintaining the lead in 2022 and 2023.<sup>55</sup> In 2023, Tanzania accounted for less than 0.1% of the total UK inward FDI stock<sup>56</sup>

**Investment environment**

Policy uncertainty, aggressive tax enforcement and a perceived anti-business climate are major deterrents for investors.<sup>57</sup> The previous government took several positive steps, including streamlining regulations, establishing one-stop centres and reforming work permit processes. The Tanzania Investment Act, passed in 2022 and amended in 2024, provides for more favourable conditions for investors, including both Tanzanian and foreign nationals. Investor interest and activity are increasing. However, many investors remain cautious and are waiting to see whether reforms are institutionalised.<sup>58</sup> *The October 2025 election compounded concerns over potential investment risks and instability.*

TIC is prioritising investor aftercare to improve and maintain investor confidence and foster long-term engagement.<sup>59</sup> While investment registrations have risen sharply, with TIC reporting annual figures of \$6-7 billion from a range of countries, these reflect expressions of interest rather than confirmed deals, highlighting a time lag between promotion, registration, and actual investment execution.<sup>60</sup>

**Tanzania’s investment policy reform is progressing, with the new policy (intended to operationalize the 2022 Investment Act) expected to become a government priority after the election.** Supported by the BHC, TMA has led the review and drafting of the policy process, including stakeholder consultations and regional workshops, while ensuring alignment with Vision 2050.

<sup>55</sup> Bank of Tanzania (2025). *Tanzania Investment Report 2024*. [Link](#)

<sup>56</sup> FCDO (2025). Tanzania Trade and Investment Factsheet. [Link](#)

<sup>57</sup> EACD (2022) *Analysis of determinants and constraints of foreign investments to Tanzania – Inception Report*

<sup>58</sup> EACD (2022) *Analysis of determinants and constraints of foreign investments to Tanzania – Inception Report*

<sup>59</sup> Interview

<sup>60</sup> Interview

As part of the reform agenda, TMA launched the Tanzania Electronic Investment Window in 2023 to streamline investment registration. Modelled on a one-stop centre, the platform currently integrates 60 institutions, with 10 more expected in the next phase.<sup>61</sup>

### **Concrete investment deals finalised**

**Although investments take time to finalise, several concrete deals have already been completed, including major infrastructure projects with UKEF guarantees.** UKEF underwrote £373 million in financing for significant infrastructure projects in Zanzibar. These projects include the upgrade of 103 km of roads across Pemba and Unguja islands and the modernisation of Pemba Airport. UK exporters are expected to secure contracts worth over £100 million as part of these developments.<sup>62</sup> The financing agreements for the Pemba and Unguja infrastructure projects were concluded under significant time pressure, with rapid turnaround from transaction origination to deal closure. However, a dispute with a local contractor delayed signing in 2023, and the project was on hold until the issue was resolved in August 2024. Although the legal division of responsibilities between contractors – one handling the airport and Pemba Road, the other two roads in Unguja – appeared straightforward, it involved complex legal structuring. The airport component progressed with a waiver, but new financing agreements were required for the roadworks. Construction is expected to begin soon, though the delays have caused frustration, particularly among Zanzibari officials unfamiliar with the legal and due diligence processes involved. The projects are expected to generate a large number of jobs, with one of the contractors expected to hire 1000+ temporary construction workers. UKEF has the appetite and capacity to commit more resources to investments in Tanzania. It has a total ‘risk appetite’ in Tanzania of up to £2 billion but has so far only committed 20%.<sup>63</sup>

**Various other investments have also been made with UK interests, either as a UK-based private sector investor or as a major contractor/supplier.** BHP Group Limited, the world’s largest mining and metals company, invested \$90 million in UK-based Kabanga Nickel, acquiring up to a 17.8% stake in the project. This investment supports the development of a vertically integrated mining and refining operation in Tanzania, with an estimated after-tax net present value of \$2.37 billion and an internal rate of return of 22.9% over 22 years. In addition, the Bank of Tanzania awarded a major banknote printing contract to UK-based De La Rue International and Crane Currency of Malta, following a re-evaluation of bids after De La Rue successfully appealed its initial disqualification. The contract, covering all four circulating denominations, required a bid security of \$3.1 million per lot, underscoring the scale and financial weight of the deal.<sup>64</sup>

**A number of smaller-scale investments with various degrees of UK interests have materialised, also on the back of the organised UK business forums.** There was generally a growing UK investment momentum around small to mid-sized investments (£10–50 million range), particularly in sectors like telecoms, financial services, and hydro, where engagement notably with BII has yielded promising leads. UK officials continue to promote opportunities, with expectations that smaller deals will gain traction and potentially pave the way for larger investments over time.<sup>65</sup> On the smaller seaweed processing investment (total approximately £3 million) by the UK firm Nutri-San in Zanzibar, the BHC facilitated the deal through a simple phone call to the regulator.<sup>66</sup> One interviewee acknowledged that initial BHC investment facilitation ambitions were nevertheless scaled back: “we started cherry picking, we realised the interest of UK firms was too big”.<sup>67</sup> In its latest strategy, DBT applies a £500,000 minimum threshold for investor support to manage its limited resources.

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<sup>61</sup> Interview

<sup>62</sup> African Business (2023). *£373 Million Support to Put United Kingdom Exporters at Heart of Zanzibar Infrastructure Upgrades*. [Link](#)

<sup>63</sup> African Business (2023). *£373 Million Support to Put United Kingdom Exporters at Heart of Zanzibar Infrastructure Upgrades*. [Link](#)

<sup>64</sup> The Citizen (2024). *Why Two Companies Won Bank of Tanzania Banknote Reprint Tender*. [Link](#)

<sup>65</sup> Interview

<sup>66</sup> Interview

<sup>67</sup> Interview

Looking ahead, there are substantial opportunities for facilitating further UK investment into Tanzania – including in partnership with BII, PIDG and UKEF – with UKEF indicating that there is substantial latent capacity available.

### **Some investment deals failed to proceed**

**Energy is a major investment opportunity in Tanzania**, particularly for BII, which aims to double its portfolio from \$100 million to \$200 million over the next two years, building on recent successes in the financial and telecoms sectors.<sup>68</sup> However, the sector remains complex and politically sensitive, with strong competition from Chinese and Turkish-backed sovereign financing and limited clarity around the government’s PPP frameworks. While UK firms have shown interest (e.g., one firm signed a MoU for a transmission line project), progress has often stalled.

**Despite a stated push for more PPPs, projects have struggled to advance, revealing a gap between government ambition and implementation.** The Ministry of Energy has expressed interest in learning from international models, offering an entry point for the UK. Initial efforts revealed the need for more technically informed engagement, and there is now a clearer pathway for shaping reforms through focused, well-sequenced technical assistance and sustained relationship-building.<sup>69</sup> According to one government representative, “political will for PPP is very high. It is mature, all the things are there, policy and relations are in place”.<sup>70</sup> However, key development partners were more sceptical about the progress and maturity of the PPP efforts.<sup>71</sup>

**Not all investments have proceeded as planned.** The UK ultimately did not proceed with support for the SGR investment. While UKEF had initially planned to finance construction, feasibility assessments reviewed by DFID economists highlighted concerns, leading to a withdrawal of support. This shift created some sensitivities due to earlier expectations of UK involvement, though future opportunities may emerge with planned intermodal and freight integration upgrades.<sup>72</sup>

**The strength of evidence for this outcome is assessed as high**, supported by multiple, well-triangulated sources including confirmed investment deals, government and development partner interviews, and UK programme documentation. The UK’s catalytic role in facilitating major infrastructure investments, such as the UKEF-backed Zanzibar road and airport projects, and its support for smaller investments like Nutri-San, demonstrate clear contributions across deal sizes. Evidence of UK influence is reinforced by its coordination role in business forums, joint action planning, and targeted transaction support, with visible results in investment registrations and the creation of new investment policy frameworks. Financial instruments, such as UKEF guarantees and the BII-backed NMB-Jamii bond, provide a clear attribution chain, and interviewees consistently cited the UK as a credible facilitator of investment dialogue and reform. While attribution for large-scale FDI is inherently complex and high-level diplomacy had mixed influence, the consistency of results, clarity of the UK’s contribution, and strong alignment with Tanzanian reform efforts underpin a high confidence rating.

### **a) Combination of levers**

**Innovative financial instruments (e.g. UKEF guarantees) were the most critical lever for promoting investment, particularly FDI.** It was supported by UK diplomacy to influence policy direction, and expertise especially in transaction advisory services and the identification of potential bankable investments. There was also a role for more traditional programming, including technical assistance and grant finance, which was still

<sup>68</sup> Marianne Young (29 September 2024). *Economic Diplomacy Review Letter 2024*

<sup>69</sup> Interview

<sup>70</sup> Interview

<sup>71</sup> Interview

<sup>72</sup> Interview

required to support both reforms in the enabling environment and the preparation of investment projects, including fostering the required relationships with government to bring investment deals to conclusion.

Figure 10 below demonstrates a relatively strong use of financial leverage and technical assistance, reinforced by diplomatic engagement, reflecting efforts made through the policy reforms promoted by TMA, and investment promotion by DBT and the BHC to facilitate the flow of deals. High scores in leveraged public and private finance highlight the role of UKEF guarantees and BII in unlocking investment, particularly infrastructure investments. More limited use of ODA and limited programming for enabling environment reforms and project preparation was still required to ensure investments were both bankable and sustainable. Interviewees noted that **grant financing** remains critical for the provision of **technical assistance** to prepare bankable projects. However, attracting additional finance was hindered by the continuing unpredictability of the business environment, highlighting the importance of continuing reform efforts with UK grant support. Nevertheless, the more limited use of UK grant financing reinforces evidence that the UK’s role has shifted toward catalytic support and transaction facilitation, rather than large-scale project financing, making partnerships and joint planning with the Government of Tanzania and the private sector essential for sustained results.

Figure 10: Strength of levers – investment promotion

Non-programmatic	Investment promotion	Programmatic	Investment promotion
UK expertise	1	Technical assistance	3
Convening and partnership facilitation	1	Direct delivery	2
Diplomacy and influencing	2	ODA	2
Leveraged private finance	3	Leveraged public finance	3

**Innovative financial instruments were used to leverage additional finance.** This ranged from leveraging of World Bank IDA (e.g., port modernisation project), to the UKEF guarantees in Zanzibar, to BII equity and debt guarantees, as well as the recently launched BII supported NMB-Jamii Sustainability Bond, a pioneering financial instrument designed to catalyse investment in projects that deliver tangible social and environmental benefits.<sup>73</sup>

**Investment promotion and reform efforts were grounded in evidence,** including the BHC-led Tanzania Inclusive Growth Diagnostic<sup>74</sup>, which identified tax unpredictability, enforcement issues, infrastructure gaps, and barriers for women and marginalized groups as key constraints. The KPMG Study (2022) reinforced these findings, highlighting weak investor protections and poor coordination, and recommended clear, predictable policy frameworks, stronger institutions, and targeted sector development. These align with the BHC's call for embedding reforms in law, prioritising high-potential sectors, and improving investor aftercare and dialogue.

**Targeted market intelligence and diagnostics have directly supported UK commercial outcomes.** Tools like the Inclusive Growth Diagnostic helped pinpoint high potential growth sectors and identify where the UK is best placed to invest and/or do business. This analysis was used to better target business missions, economic development programming, networking and events/forums. This work facilitated the targeted introduction of UK firms involved in seaweed manufacturing with the Tanzanian Blue Economy Minister in the margins of COP, which led to a seaweed processing investment in Zanzibar.<sup>75</sup>

The BHC have used forums such as the **UK-Tanzania Business Forums** (2021 and 2022) to **bring together UK private investors with government to discuss opportunities and pipeline deals**, as well as creating space for more difficult discussions, such as **business environment challenges that block investment**.<sup>76</sup> A UK-Tanzania joint action plan was developed as a result of the forums, including a range of commitments from the

<sup>73</sup> London Stock Exchange (2024). NMB Bank Plc Introduces Jamii Sustainability Bond: Driving Impactful Investment for a Sustainable Future. [Link](#)

<sup>74</sup> BHC Tanzania (2022). *Tanzania Inclusive Growth Diagnostic*

<sup>75</sup> Marianne Young (29 September 2024). *Economic Diplomacy Review Letter 2024*

<sup>76</sup> Marianne Young (29 September 2024). *Economic Diplomacy Review Letter 2024*

Government of Tanzania and potential UK support. The investments were not a direct result of the business forum, but the forum helped build credibility and momentum around the government’s shift in approach. The focus initially was on supporting existing UK businesses during the political transition from the fifth phase government, rather than attracting new ones. These investment promotion efforts required visibility and staff time rather than financial resources, aiming to signal and amplify the changes in the Tanzanian investment climate introduced by President Samia.<sup>77</sup> Through the 2022 JAP agreed with the government after the forum, the BHC also facilitated B2B contacts for UK firms in their key sectors of interest – agriculture, blue economy, infrastructure and mining.<sup>78</sup> The greater visibility and larger footprint of UKEF was one of the more concrete results of the business forum.

**The evidence is more ambiguous on the effectiveness of high-level diplomacy on large investment deals.**

There are questions around how much influence the UK can realistically exert on large-scale investments. While smaller deals – where BII is introduced to firms receiving UK transaction advisory support – have a clearer results chain, larger projects involving high-level diplomatic engagement have yet to yield concrete outcomes. Like DBT, whose role is to promote UK investment in Tanzania, much of this work happens behind the scenes, and the extent of UK influence on major deals is often unclear. With a new DBT country director now in place, there is a desire to better understand and document what is working in the investment space, particularly for large projects, and to be more realistic about the limits of UK influence.<sup>79</sup> There was also quite some scepticism on the value of high-level visits, especially as they absorbed a lot of effort and staff time.

**Grant financing is still required for strengthening the enabling environment and transaction advisory support.** The existing support from TMA was critical for many of the enabling environment reforms: *“TMA supported the government on everything: procuring a consultant to review and draft the new policy, very engaged with stakeholders, conducting workshops for all regions and a national workshop”*.<sup>80</sup> Notably, TMA, which is funded through programmatic means, is a trusted partner of the Government of Tanzania with a deep understanding of the local context and key stakeholders.<sup>81</sup> **Grant financing was also required for transaction advisory support** (i.e. preparatory work to access finance).<sup>82</sup> Here, the access to grant financing support from P4P has been critical for the financial intermediation provided to smaller firms and larger investments supported in deal preparation, engagements and partnerships by Manufacturing Africa, though no public deal-level details are yet available.

**b) External and internal enablers and barriers**

**Both the political will of the previous administration and specific business environment reforms were critical enablers of increased investment.** A major enabling factor driving increased investment in Tanzania was the political shift under the previous Samia administration, between 2021-24, which adopted a much more open and welcoming stance toward FDI. This change generated renewed investor confidence, reversing a previously hostile policy environment. As one investor noted, the government’s posture *“totally changed... a complete 180 turn,”* creating space for early movers to re-engage when few others were considering the market.<sup>83</sup> The administration’s pro-investment stance was backed by high-level commitment to strengthening institutions and promote FDI, including through the government’s efforts to coordinate investment-related functions and improve inter-agency responsiveness.<sup>84</sup>

**Alongside political will, targeted business environment reforms have been essential in converting investor interest into action.** The reality of doing business in Tanzania – like much of Africa – is closely tied to the

<sup>77</sup> Interview

<sup>78</sup> BHC Tanzania (2022). *Joint Action Plan*

<sup>79</sup> Interview

<sup>80</sup> Interview

<sup>81</sup> Interviews

<sup>82</sup> Interview

<sup>83</sup> Interview

<sup>84</sup> Interviews

political context, making policy clarity and institutional trust critical to investor decisions.<sup>85</sup> Business environment reforms – such as those introduced through investment-specific policies and institutional strengthening – have helped improve investor sentiment and competitiveness. TMA, with its strong contextual knowledge and stakeholder relationships, has proven to be a valuable local partner in navigating this evolving landscape.<sup>86</sup>

**Promoting FDI may be comparatively easier in Zanzibar**, where a smaller, more streamlined administration and bureaucracy, and political alignment and close-knit institutional relationships, have facilitated decision-making and swifter engagement with external investors. The President is from Zanzibar, and a dedicated bureau of ministers (modelled on Rwanda’s structure) now oversees investment, enhancing coordination and political backing.<sup>87</sup> In addition, resistance to working with external partners seems lower in Zanzibar. The government has introduced targeted incentives, such as tax waivers for investments in Pemba, to attract capital to underdeveloped areas.<sup>88</sup>

**At post, improved internal coordination between DBT and FCDO has further supported investor outreach and policy engagement.**

### c) Cross-cutting issues

Environmental and social safeguarding and related positive impacts remained a key objective for the investments made, but with less oversight by BHC given their non-programmatic nature.

The MPP places a strong emphasis on **gender and social inclusion**, particularly by promoting **youth and women’s economic empowerment**. This includes **targeted support to women-led businesses** to help increase their participation in trade. The UK is also supporting a **Women in Mining (WiM) partnership** between WiM HQ in London and local Tanzanian chapters to strengthen women’s roles in the extractives sector. Additionally, through **FSD Africa**, the UK is advancing **inclusive capital market development** by supporting innovative financial instruments, such as **gender, green, and sustainability bonds**, that help unlock finance for women and socially focused enterprises.

**The BHC shared information on how to access green finance via the CEO Roundtable.** It helped one company access green finance, enabling them to invest in more environmentally friendly vehicles (compressed natural gas) with the ultimate aim of moving to electric vehicles. Building on this experience, the CEO RoundTable have prepared a case study to incentivise other members to access green finance for investments.<sup>89</sup>

#### 4.1.4. Harvested outcome 5: Leveraging finance

##### **Summary**

**What did the UK do?** The UK’s P4P Programme in Tanzania supports Aceli Africa, which uses blended finance tools (such as loan incentives, risk-sharing and capacity building) to encourage lenders to finance agricultural SMEs. This approach expanded credit access, particularly for women- and youth-led enterprises, strengthening inclusive growth in a sector central to Tanzania’s economy.

**What were the outcomes?** Through Aceli, the UK introduced a transformative financing model (Aceli’s risk-sharing mechanism), ensuring that larger and more commercially oriented funding went ahead. It successfully mobilised over USD 20 million in private capital for high-impact small and medium-sized agricultural enterprises in the rural agricultural sector, which commercial banks would typically avoid,

<sup>85</sup> Interview

<sup>86</sup> Interviews

<sup>87</sup> Interview

<sup>88</sup> Interview

<sup>89</sup> Interview

increasing lender confidence and SME borrower capacity. The UK's contribution, via ringfenced FCDO ODA funding, was instrumental in enabling these market-shaping interventions.

**What combination of levers worked well or not so well?** The UK's support to Aceli combined innovative ODA financing through risk-sharing with technical assistance, ensuring that financial institutions not only had the incentive to lend to agricultural SMEs but also the capacity to do so effectively. Together, these levers reinforced one another – reducing risk while building capability – to expand credit access and strengthen inclusive sector growth. However, the bank lends onward at commercial rates, making loans unaffordable for the most marginalised and vulnerable.

**What are the lessons and opportunities for the future?**

- UK and Aceli technical credibility, convening role, and early commitment to blended finance models positioned them as system-shapers, with substantial opportunities for UK expertise in different financing models. The wider P4P programme also offers flexibility through a range of financial instruments as investments mature across the investment cycle.
- Blended-finance instruments remain complex and there is continuing need for capacity-building within supported banks and among the beneficiaries.
- Commercial banks remain risk averse and the agricultural sector very informal, with limited ability to take on loans at the offered commercial rates. The focus on more disadvantaged, rural, female and young farmers should be retained.
- Limited UK programmatic ODA and technical assistance inputs can help unlock substantial commercial investment (1:5 donor-to-private capital ratio).

*Strength of evidence rating: HIGH*

**The UK's support to Aceli Africa demonstrates an effective use of blended finance via on-lending to unlock private sector lending for agricultural SMEs in Tanzania.** Through a risk-sharing mechanism, combining loan loss guarantees, performance-based subsidies, and technical assistance, Aceli facilitated over USD 20 million in cumulative lending to agribusinesses that would typically be underserved by commercial banks. As reported by one stakeholder, "Lenders use their own capital. Lending ratio is now up to 1:5, meaning \$1 of development partner support crowds in \$5 of private capital".<sup>90</sup>

**The UK's contribution, via ringfenced FCDO funding, was instrumental in enabling this model.** UK support covered both the financial incentives and technical support components, making it possible to address the dual constraints of lender risk aversion and borrower capacity gaps. Aceli's integration into the wider P4P programme allowed participating enterprises to connect with broader investment platforms such as Manufacturing Africa and the Green Growth Facility, providing pathways for enterprise growth and scale-up.

The model represents a **shift from traditional grant finance to market-shaping interventions**, where catalytic capital and embedded advisory services change lending behaviour and improve access to finance for high-impact sectors. It also contributes to broader policy goals around climate resilience, rural transformation, and financial inclusion.

**The strength of evidence for this outcome is assessed as high**, based on clear triangulation across multiple sources. The core lending figures and leverage ratio – over USD 20 million mobilised at a 1:5 donor-to-private capital ratio – were confirmed by one of the implementing partners and are consistent with internal P4P programme reporting.<sup>91</sup> These metrics are actively tracked in the programme log frame and validated through regular monitoring. Additionally, the logic of contribution – linking UK funding to both the financial structure and technical assistance – was confirmed in interviews and programme documents. While long-term systemic

<sup>90</sup> Interview

<sup>91</sup> Interview

outcomes (e.g. shifts in national lending norms) are still emerging, the consistency and credibility of reported outputs and intermediate outcomes provide a high degree of confidence in the UK’s contribution to results.

**a) Combination of levers**

**The UK used a well-coordinated combination of levers to support Aceli, including innovative ODA financing and technical assistance, as well as non-programmatic blended finance models.** The Aceli risk-sharing mechanism introduced a transformative financing model, mobilising over USD 20 million in private capital for high impact small and medium-sized agricultural enterprises in the rural agricultural sector, which commercial banks would typically avoid, increasing lender confidence and borrowing capacity. This was complemented by bespoke advisory support under the P4P umbrella, also linking Aceli to other investment and policy reform initiatives. The programme’s ability to link participating enterprises to other platforms (e.g. Manufacturing Africa and Green Growth Facility) illustrates the strategic combining and layering of levers.

Figure 11 highlights strong use of technical assistance and leveraged public and private finance, reflecting the UK’s catalytic role in Tanzania’s blended finance landscape.

*Figure 11: Strength of levers – leveraging finance*

Non-programmatic	Financial leverage	Programmatic	Financial leverage
UK expertise	1	Technical assistance	3
Convening and partnership facilitation	2	Direct delivery	0
Diplomacy and influencing	1	ODA	2
Leveraged private finance	3	Leveraged public finance	3

Aceli’s risk-sharing model demonstrated that even small UK programmatic inputs can help unlock substantial commercial investment, demonstrated by the 1:5 donor-to-private capital ratio. Low reliance on ODA and programming underscores the UK’s strategic pivot away from direct funding toward market-shaping interventions, though sustained influence depends on effective coordination and capacity to navigate complex financial ecosystems.

While the UK’s financial contribution to Aceli was relatively limited in scale, its **technical credibility, convening role and early commitment to blended finance models positioned it as a system-shaper.** Rather than driving outcomes through volume of funding, the UK’s value-add lay in targeted, catalytic engagement, shaping incentives, influencing institutional behaviour, and anchoring the model in a broader investment ecosystem. As one stakeholder put it, “it’s not just about the money, it’s about giving lenders enough confidence to do what they would never have done on their own.”<sup>92</sup>

**b) External and internal enablers and barriers**

**The Government of Tanzania’s sustained policy emphasis on agricultural transformation and rural financial inclusion has, in part, shaped the enabling environment for blended finance in Tanzania.** National strategies such as the FYDP III and the Agricultural Sector Development Programme II (ASDP II) underscore the centrality of agribusiness in driving inclusive growth, job creation and food security.<sup>93</sup> These frameworks have supported an evolving regulatory and policy landscape that is increasingly receptive to public-private financing models and innovative credit mechanisms targeting rural economies.

**Internally, the deliberate co-design of a dual-sided model, simultaneously addressing supply- and demand-side financing constraints, were key to Aceli’s success.** On the supply side, financial institutions received **technical assistance** to strengthen credit risk assessment, diversify portfolios, and introduce gender-responsive or climate-aligned lending strategies. On the demand side, SMEs benefited from **business advisory support, investment readiness preparation, and linkages to other UK-supported initiatives** such as

<sup>92</sup> Interview

<sup>93</sup> Agricultural Sector Development Programme (n.d.). *ASDP Official Website*. [Link](#)

Manufacturing Africa and the Green Growth Facility. This model directly responded to long-standing market failures in Tanzania’s agri-finance landscape, including limited borrower financial literacy, poor book-keeping practices, and underdeveloped risk analysis capacity within banks.<sup>94</sup>

**Nonetheless, structural challenges persist, including the risk aversion of commercial banks and a highly informal agricultural sector.** Many commercial lenders remain deeply risk-averse, particularly when confronted with uncertainties related to climate volatility, collateral requirements, and informal business structures that dominate much of the agricultural sector. These concerns are especially pronounced when lending to SMEs in remote regions with high transactional costs and limited recovery infrastructure. From the borrower side, many enterprises lack auditable financial records, formal legal status, or sufficient internal controls to meet due diligence requirements, barriers that are further compounded for women-led or youth-led businesses.<sup>95</sup>

**Many local and regional banks** (particularly tier III institutions) **face significant administrative challenges when accessing and operationalising blended finance instruments.** The process is often **complex, time-consuming and resource-intensive**, especially for those lacking dedicated internal teams or specialised advisory support. In such cases, even attractive de-risking incentives may fail to generate uptake if transaction costs or institutional unfamiliarity remain high.

**These challenges highlight the continuing need for tailored capacity building, simplification of financing instruments, and better onboarding mechanisms for first-time lenders and borrowers.** Programmes like Aceli need to continue to invest in training, digital financial literacy tools, and simplified deal structuring protocols if blended finance is to achieve deeper scale and sustainability across Tanzania’s agri-finance ecosystem.

**Coordination of different programmes, suppliers and other stakeholders was critical and unique to the P4P programme,** which potentially allowed for the graduation of borrowers to the provider of the most appropriate financial instrument across the investment cycle – for example, smaller firms receiving initial support from Aceli to test their business model to Manufacturing Africa when they were ready to scale their innovation, depending on the borrower’s financial readiness and needs.

### c) Cross-cutting issues

**Aceli offers a notable example of how cross-cutting priorities can be effectively integrated into a blended finance mechanism.** Its design and implementation deliberately address climate resilience, gender equality, and financial inclusion, supported by embedded technical assistance, tailored incentives and regular monitoring. Ultimately, this may be easier through a programmatic than a non-programmatic modality, where the UK can exercise greater conditionality on the programme design.

**On climate, Aceli backed agribusinesses that not only improve productivity but also actively support climate-smart agriculture, enhancing smallholder resilience to environmental shocks.** These include investments in climate-adaptive input systems, improved irrigation and sustainable land-use practices. According to Aceli’s October 2023 impact snapshot, over 6,000 people benefited from enhanced climate resilience through these enterprises.<sup>96</sup> Climate impact is also a factor in the allocation of first-loss cover<sup>97</sup>, where higher guarantee rates are granted to investments with climate co-benefits, thereby mainstreaming resilience into credit risk assessments.

**On gender, Aceli adopted a gender-lens investing framework, encouraging financial institutions to implement policies and lending products that directly support women-led or women-inclusive businesses.**

<sup>94</sup> World Bank, 2022; ACELI Africa (2024). Financial Benchmarking Report. [Link](#)

<sup>95</sup> Aceli Africa (2023). Year 2 Learning Report. [Link](#); UNCDF (2022). Scaling Up Access to Finance in Kigoma, Tanzania. [Link](#)

<sup>96</sup> Aceli Africa (2023). Aggregate Impact Snapshot – October 2023. [Link](#)

<sup>97</sup> First-loss cover is a risk-sharing financial mechanism in which one party (often a development partner, government or DFI) agrees to absorb the initial or most likely losses on an investment, in order to encourage other investors—typically private or commercial—to participate.

This approach goes beyond counting beneficiaries; it includes capacity building for lenders, adjustments to underwriting processes, and performance-based incentives linked to gender outcomes. As of 2023, 65% of Aceli-supported businesses were gender-inclusive and 30% of new jobs created through the programme were estimated to be held by women, demonstrating tangible progress on gender empowerment within commercial lending ecosystems.<sup>98</sup>

**In terms of social inclusion, Aceli has contributed to broadening access to credit in rural and peri-urban areas, with a particular emphasis on youth-led enterprises and informal businesses transitioning to formality.** While the term ‘social inclusion’ is not always explicitly used in Aceli documentation, the programme’s targeting strategy and support model align closely with inclusive growth objectives, particularly by addressing barriers faced by underserved segments of the market, including lack of collateral, weak financial records, and geographic isolation.

**Conflict sensitivity was not identified as a core priority in either programme documentation or stakeholder interviews.** Given Tanzania’s previously relatively stable context, this may not have been a significant oversight. *This has changed with the October 2025 election.* As Aceli expands its footprint, particularly into more remote or underserved regions, there is merit in embedding conflict-sensitive practices to ensure that lending does not inadvertently reinforce local inequities or trigger social tension. This could include disaggregated monitoring of credit access across sub-regions, grievance redress mechanisms, and targeted outreach in areas with historical exclusion from formal finance systems.

#### 4.2 EQ2: How well does the BHC sustainable growth and investment strategy operationalise the ‘whole of government’ approach, and support strong partnerships within Tanzania and UK?

a. How effective are the planning, coordination and delivery mechanisms in helping BHC Tanzania utilise a ‘whole of government’ approach and strong external partnerships?
b. Are there any gaps or areas for improvement?
c. What risks and unexpected challenges have emerged as a result of ‘whole of government’?

**BHC Tanzania has increasingly adopted a ‘whole-of-government’ approach to supporting sustainable growth and investment, with a particular focus on aligning the efforts of FCDO and the DBT.** This coordination became more structured through the launch of the MPP in 2024. While the MPP does not carry a financial commitment, it has become a key mechanism for uniting diplomatic, commercial and development levers under a common framework, with both DBT and FCDO co-owning its targets and messaging.

**To operationalise this alignment, the BHC has leveraged tools such as the JAPs, which emerged from the UK–Tanzania Business Forums in 2021 and 2022.** These JAPs served as tactical roadmaps to address investment climate challenges, facilitate deal flow, and track joint follow-up with Tanzanian government counterparts. Importantly, they provided a mechanism for DBT and FCDO teams to coordinate more effectively, enabling more coherent engagement with key Tanzanian institutions such as the TIC, ZIPA and the Ministry of Finance. The JAPs also help consolidate UK support around specific private sector needs, ensuring that feedback from UK businesses is channelled into policy advocacy and technical assistance in a structured manner.

**Together with the earlier BIP, these strategic processes have also supported stronger partnerships with the Government of Tanzania, particularly under the current administration’s pro-investment stance.** By convening reform-oriented dialogue and coordinating development partner and private sector inputs – such as during the Vision 2050 planning or the tax reform agenda – the BHC has helped build trust and credibility with Tanzanian institutions. At the same time, by grounding its work in evidence and engaging the private

<sup>98</sup> Aceli Africa (2023). Year 2 Learning Report. [Link](#)

sector through diagnostics, business forums, and one-on-one facilitation, the UK has positioned itself as a reliable partner for both reform and investment. Maintaining this role will depend on sustained collaboration across UK departments, stable staffing, and continued responsiveness to evolving political and economic dynamics.

#### 4.2.1. ‘Whole of government’ approach

##### Summary

The BHC Tanzania has made notable progress in operationalising a ‘whole-of-government’ approach – particularly through more integrated strategic planning, early-stage influence and improved coordination between FCDO and DBT (e.g. clarifying reporting lines, co-location of the FCDO and DBT and staff changes). Further work is required to enhance coordination across UK government departments. Also, other institutional challenges (e.g., changing budgets, strategies, priorities and ministers), staffing constraints and gaps in downstream implementation continue to limit its full effectiveness.

*Strength of evidence rating: HIGH*

**The BHC Tanzania is increasingly effective at operationalising a ‘whole-of-government’ approach, especially through more integrated strategic planning and early-stage influence and knowledge-driven coordination, though implementation is a greater challenge.** The MPP and its JAPs strengthened strategic coherence between DBT and FCDO. Despite earlier tensions in relations and issues with the division of roles and responsibilities, as well as reporting lines, the relationship between DBT and FCDO at post has improved recently, also through co-location and staff changes. Cross-departmental cooperation has matured notably through the joint use of complementary levers – diplomatic influence, technical expertise and catalytic finance – but is not fully institutionalised. Examples like the joint ambassadorial tax demarche and port infrastructure support show the potential of the ‘whole-of-government’ approach when combining and aligning programmatic and non-programmatic tools.

However, the post-merger institutional transition from DFID to FCDO reduced in-country technical depth according to a number of external interviewees. Several external stakeholders observed a decline in technical engagement and a rise in bureaucratic processes. Staff turnover in 2023 and 2024 also contributed to the gaps in institutional memory. Despite efforts to rebuild capability through co-location and hiring new staff, there remain challenges in staffing, particularly for programme management and in-depth policy expertise according to both internal and external interviews. Moreover, wider institutional challenges – such as changing budgets, strategies, priorities, budgets and ministers – has hampered the BHC’s ability to develop and implement long-term outcome-driven work.

**Gaps exist in formalising the ‘whole-of-government’ approach across programming, monitoring and mainstreaming cross-cutting issues.** Despite aligning with UK priorities, these objectives were inconsistently embedded. Gender was prominent in the WOW-financed Vision 2050 brief and Aceli but visibility was limited in tax and infrastructure initiatives. Climate-smart features were built into Aceli but more limited in UKEF deals. The reduction in UK ODA (from nearly £100m in 2020 to under £30m in 2023) also constrained the UK’s ability to shape downstream implementation, especially where capital-intensive projects dominate. Some partners now question what the UK brings to the table without larger financial offers, suggesting a reduction in influence. At the same time, BHC’s ability to strategically generate evidence (e.g. inclusive growth diagnostics and business surveys) and share this with the Government of Tanzania and investors was noted as a key strength. These diagnostics helped focus diplomatic efforts and build credibility, even in a low-aid environment.

**The ‘whole-of-government’ approach introduced strategic advantages, but also risks, especially where roles blur or coordination is under-resourced.** BHC’s convening of private sector views on taxation led to reform momentum, but coordination with Tanzanian business actors on the ambassadorial letter was weak. Delays in major investments like the Zanzibar road projects – partially backed by UKEF – highlight structural delivery risks. The UK’s shift post-merger toward more nimble, catalytic roles and investment facilitation reflects both

UK fiscal constraints and Tanzania’s evolving income status. As such, the role of DBT has expanded, especially where UK commercial actors are involved, but its effectiveness hinges on well-functioning joint planning with the FCDO. Recent internal reviews note the value of JAPs and the MPP in improving alignment between DBT and FCDO but call for stronger integration of pipeline planning and deal tracking.

#### 4.2.2. Partnerships

##### Summary

The BHC has played a pivotal convening role in fostering strategic partnerships with the Government of Tanzania, development partners and the private sector, anchored in trust, local presence, and technical credibility. But these partnerships remain highly dependent on contextual stability, individual relationships, face institutional fragility, and are increasingly constrained by reduced ODA and staffing limitations.

*Strength of evidence rating: HIGH*

**The BHC has played a pivotal role in fostering strategic partnerships with the Government of Tanzania, development partners and the private sector, although effectiveness varies across actors and is heavily reliant on trust-based relationships and staffing stability.** Relationship-building and informal engagement were central to the UK’s approach, particularly following the FCO-DFID merger. While DFID focused on large-scale projects and FCO on smaller, relationship-based interventions, the merged approach relies increasingly on networking, responsiveness and trust to maintain influence and gather input from both governmental and private sector stakeholders.<sup>99</sup> UK-supported initiatives such as Vision 2050 inputs, tax reform dialogue, and infrastructure feasibility studies demonstrate the BHC’s strong convening power and capacity to shape joint agendas. The UK was frequently described as a “trusted convenor” and “honest broker”, particularly in sensitive reform areas. For Vision 2050, long-standing partnerships with POPI and support through ODI and OPM enabled the UK to significantly support Tanzania’s national planning process.

However, the **success of these partnerships was largely contingent on personal access and continuity, which proved vulnerable to turnover in 2023 and 2024**, such as the passing of the Executive Secretary of POPI. Coordination mechanisms were often informal and lacked institutionalisation. There is also a concern that the declining ODA envelope will further reduce UK influence. According to one external interviewee, “the UK doesn’t have as much influence as it did in the past. So, if you can’t increase the envelope, what does the UK bring to the table”.<sup>100</sup>

**The UK’s partnership with the Government of Tanzania was strongest where technical credibility and local presence were combined with mutually high levels of political commitment, but has weakened in the absence of embedded expertise and programmatic leverage.** The UK effectively leveraged its reputation and long-term technical relationships in strategic planning (e.g., through OPM and ODI). Its catalytic role in infrastructure (e.g., Dar port) was appreciated by government partners. However, post-merger institutional shifts, reduced ODA envelopes and loss of senior technical staff have weakened the perception of the UK as a ‘go-to’ development partner. As one interviewee noted, “we don’t find the detailed technical engagements we used to find in-country”. Moreover, the ‘fly-in-and-out’ model used by HMRC, with no in-country presence, limited its influence on tax reform, despite solid technical inputs. While the Government of Tanzania remains open to UK support, especially under President Samia’s administration, resource constraints and lack of government receptiveness to more embedded advisors have diluted the UK’s strategic footprint in key reform areas like tax. *The October 2025 election added additional contextual complexity.*

**Partnership with the Tanzanian private sector was marked by innovation and credibility in evidence generation but weakened by missed opportunities for shared action and inclusive dialogue.** The UK played a leading role in commissioning research (e.g. the KPMG tax studies) that represented private sector

<sup>99</sup> Interview

<sup>100</sup> Interview

perspectives, which were critical in the lead-up to the formation of the Presidential Tax Commission. This work provided a rare and valuable channel for the private sector to influence reform and was welcomed by the Government of Tanzania. However, some stakeholders viewed the subsequent ambassadorial letter coordinated by the UK as a missed opportunity to engage Tanzanian business actors more directly. Despite these tensions, the UK remains well-positioned to influence reform through its ties to business associations, though external actors emphasised the need for more structured platforms for private sector dialogue, beyond informal channels. The BBG is not as formal or as well-resourced as some of the more formal chambers of commerce, especially in comparison with the EU chamber of commerce at least according to one interviewee.

**Development partners partnerships are a cornerstone of the BHC's influence, particularly where the UK's convening role bridged trust gaps or supported joint pressure on reform.** The UK successfully mobilised multilateral coordination in taxation and infrastructure. For example, the World Bank's uptake of Dar port improvements built on UK-funded feasibility studies, and the UK's leadership in the diplomatic tax demarche opened space for reform dialogue. However, attribution was occasionally contested, with some development partners and private actors downplaying the UK's unique role. Some stakeholders also noted that the BHC now exerts less influence among development partners than in the past, particularly where large-scale financial commitments are required.

**Overall, the UK's partnership model in Tanzania has shifted from one based on large-scale programming to one reliant on convening, influencing and facilitating.** This model offers flexibility and responsiveness but requires stable, capable staffing, contextual stability, and more robust systems for institutional continuity. External stakeholders raised concerns about bureaucratisation post-merger and reduced local grounding. Resource constraints were cited often. Despite these constraints, a strong mix of expertise and co-location of economic diplomacy, technical and DBT staff were identified as a comparative strength of the BHC. Nonetheless, a more explicit joint approach to engagement with the Government of Tanzania, private actors and other development partners, particularly in defining reform pipelines and shared goals, is necessary to sustain and deepen UK influence through partnerships.

**Planning and coordination mechanisms have effectively enabled UK-Tanzania partnerships in strategic planning and investment, but delivery often hinges on informal systems and trusted individuals.** Suppliers like ODI, OPM and TMA related more successfully to their Tanzania counterparts in government due to long-standing relationships, credible technical expertise and local presence. The UK was recognised as a "trusted convenor" in development partner coordination (e.g. Vision 2050, tax reform) and diplomatic efforts led to tangible reforms, like the TRA Commissioner's replacement. Yet these successes often relied on personality-driven access and remained contingent on contextual stability.

## 5. Conclusions

Figure 12 provides a comparative overview of how the BHC deployed programmatic and non-programmatic levers across key outcome areas – strategic planning, tax reform, infrastructure, investment promotion and financial leverage – using a heat-map. It illustrates a clear differentiation in lever intensity and modality depending on the nature of the intervention, with some outcomes relying more heavily on UK expertise and diplomacy for influencing, while others were driven by convening power and financial instruments. Notably the leverage of financial instruments retained a strong relationship with programmatic tools, such as technical assistance, as well as ODA grant financing. It is also important to note that not all outcome areas required the same financing instruments.

Figure 12: Comparison of different levers across outcomes

Delivery mode/ lever	Strategic Planning	Tax Reform	Investment Promotion	Infrastructure	Financial Leverage
<b>Non-programmatic</b>					
UK expertise	1	3	1	1	1
Convening and partnership facilitation	2	2	1	3	2
Diplomacy and influencing	1	3	2	2	1
Leveraged private finance	0	0	3	3	3
<b>Programmatic</b>					
Technical assistance	3	3	3	3	3
Direct delivery	1	1	2	3	0
ODA	1	1	2	2	2
Leveraged public finance	0	0	3	3	3

Figure 12 confirms that partnership facilitation and strategic influence remain strongest where the UK combines long term diplomatic and technical engagement, evidence-based advocacy, and trusted technical input, rather than relying on large financial envelopes or one-off transactions. This pattern reinforces the broader finding that the UK's value-add in Tanzania lies in its ability to deploy a complementary mix of levers, though their uneven institutionalisation and resource constraints, including the additional, planned ODA reductions, limit sustained influence over time.

**Strategic planning** stands out as the most comprehensive application of UK influence, with the highest score for technical assistance and diplomacy, reflecting the support to the Government of Tanzania through ODI, OPM and Vision 2050 advisory processes.

**Tax reform** reflects a narrower but high-intensity use of diplomacy, convening, technical assistance and UK expertise both by BHC staff and HMRC, underlining the UK's role in shaping reform momentum through evidence generation and ambassadorial engagement. However, it shows limited use of ODA, including direct delivery ODA, and no use of financial leverage.

**Investment promotion, infrastructure and financial leverage** outcomes are characterised by strong use of leveraged public and private finance, notably through UKEF guarantees and feasibility studies that helped crowd in multilateral finance (e.g. Dar port), reflecting the UK's shift to catalytic support mechanisms post-merger.

While previously involving substantial amounts of ODA, ODA financing for **infrastructure** investments has largely been withdrawn beyond technical assistance. **Investment promotion** is dependent on technical assistance to support business and investment environment reforms.

A number of additional overall observations can be made:

- Non-programmatic interventions absorb little to no ODA resources.
- Convening and partnership facilitation is the dominant non-programmatic lever.
- Technical assistance has displaced direct delivery as a programmatic lever, notably due to ODA reductions, with a substantial downward shift in budget size (the majority of interventions associated with the harvested outcomes are below £1 million).
- Communication remains stronger for programmatic than non-programmatic interventions.

Below we summarise the main conclusions:

1. **Using non-programmatic levers** (e.g., diplomacy, UK expertise, convening) **alongside programmatic support** (e.g., catalytic finance, technical assistance) **has delivered meaningful outcomes** on strategic planning, tax reform, infrastructure investment, investment promotion and financial leverage in Tanzania, **even with reduced programmatic funding**. However, infrastructure (a major government priority), investment promotion and financial leverage continued to require more significant ODA investments.
2. **The earlier shift by the previous administration toward embracing the private sector and promoting investment was a key enabler of all the harvested outcomes, notably tax reform, investment promotion, and contributions to strategic planning (Vision 2050)**. This context, however, continues to evolve, and is not without setbacks (e.g. tax reform delays, limited sector prioritisation in Vision 2050) and emergent risks (e.g. corruption). *Notably, data collection and analysis took place prior to the October 2025 elections*. Importantly, **Government of Tanzania openness alone did not guarantee outcomes**; where UK support achieved the most traction, such as in infrastructure and blended finance, it was because **external offers were well-timed, credible and directly addressed government priorities** through de-risking, technical expertise and/or financial structuring.
3. **Depending on the thematic intervention, the combinations of levers** – particularly influencing, convening, and finance/investment on the one hand, and technical assistance and programming on the other – **were the most effective especially when strategically sequenced and layered**.
  - a. Non-programmatic levers (**such as diplomacy and convening**) proved particularly valuable in promoting reforms in areas such as **strategic planning and tax reform**.
  - b. Catalytic ODA unlocked large amounts of finance (e.g. Aceli and Dar port). **Mobilising investment and financial leverage** were more reliant on the **use of innovative financial instruments**. However, there are opportunities to increase the role of **UK expertise, diplomacy and communication**.
  - c. **Infrastructure and financial leverage** were the most dependent upon ODA funding.
4. **With the shift toward non-programmatic levers, the prioritisation of cross-cutting issues (e.g. gender, environmental sustainability, conflict sensitivity and social inclusion) may be at risk**. This was most evident in investment promotion and infrastructure, where these considerations were less embedded in design or results frameworks. This highlights a disconnect between the UK's climate ambition and how it is operationalised notably in hard infrastructure sectors. However, Aceli demonstrated that mainstreaming is possible, also while leveraging private sector finance, **when supported by performance-based incentives and clear monitoring mechanisms**. Ensuring upstream planning and accountability tools are in place is critical to protecting these cross-cutting commitments. This is clearly more the case in programmatic than in non-programmatic spheres.
5. **Long-standing trusted relationships**, whether with other organisations (e.g. TMA), suppliers (e.g. ODI and OPM) and alignment with Tanzanian government priorities **were key to effectiveness**. In the context of **declining ODA, the UK's ability to achieve impact in Tanzania increasingly depends on working through partnerships, particularly with the government, DFIs and the private sector**. The openness of the previous administration to private sector engagement created a timely opportunity for the BHC to deepen its role as a strategic facilitator. *With the election in October 2025, the context is now highly uncertain*. This shift was reflected in the strong individual relationships built by international and local staff, and in the UK's convening credibility. With BHC staff turnover, there is a need to continue fostering these relations with government (e.g. POPI and TRA), the private sector,

civil society (e.g. local think tanks), as well as with key development partners (e.g., World Bank and like-minded bilateral development partners). To sustain and amplify this influence, there is a growing need to institutionalise these relationships and platforms, such as through the strengthening of the BBG, and to clarify the distinctive value the UK brings to government, development partner and public–private engagement in Tanzania.

6. **The whole of government approach has improved, notably between DBT and FCDO, due to the significant shift increasing prioritisation of effort, as well as through practical means such as adjusting reporting lines, co-location and staff changes.** Outcomes in both infrastructure and finance benefited from greater interdepartmental alignment. However, effectiveness was strongest where this structural improvement was **accompanied by coordinated engagement strategies, joint use of financial, technical and diplomatic levers by staff, with a strong local presence and familiarity with the local context.**
7. **UK influence is increasingly contingent on credibility, consistency, and strategic clarity, especially in a context where resources and technical visibility are declining.** Influence has often hinged on the UK being seen to give neutral and trusted advice. Multiple stakeholders noted that the UK was once viewed as a technically strong, well-resourced partner. Now, with smaller ODA envelopes and reduced embedded technical expertise within the Government of Tanzania, **securing their meaningful engagement is more difficult, especially where UK contributions are not backed by finance or sustained technical know-how and engagement.**

## 6. Overall lessons

In section 4, we provide lessons and opportunities for each of the five outcomes and here we summarise overall lessons.

- **The UK's influence is strongest when catalytic inputs are sequenced and supported through sustained engagement.** In knowledge-based work such as strategic planning, tax reform and investment promotion, the sequencing of knowledge products with policy influencing and partner convening efforts was critical for knowledge uptake and incorporation into policy making. In both infrastructure and finance, early-stage UK support, such as feasibility studies or concessional finance, was instrumental in unlocking additional investment. However, where there was no follow-on engagement, UK influence diminished during implementation. This highlights the importance of not just being early, but staying relevant over time, across the project life cycle through partnerships, convening and/or expertise.
- **Strategic coherence across levers, not just their presence, drives sought impacts.** Mutually agreed objectives, flexibility and sequencing are key. Differentiating lever intensity, modality and timing depending on the context and focused on mutually agreed objectives, enables more adaptive and effective engagement. In high-performing interventions identified across the harvested outcomes, technical, financial and diplomatic tools were mutually reinforcing. By contrast, isolated levers, such as technical assistance without financing, or guarantees without upstream engagement, were less effective, if not impossible. For example, it is not possible to attract FDI into a poor investment climate. Success depended on how well tools were aligned with each other and with external partners.
- **Cross-cutting issues need explicit integration into programme design and delivery, even in technically focused or capital-intensive sectors.** While cross-cutting issues were not well integrated into areas like tax reform, investment and infrastructure, being largely treated as gender-neutral and light on climate, the Aceli experience shows that gender, inclusion and climate objectives can be operationalised when embedded from the outset in the design of interventions and backed by enforceable tracking mechanisms. The shift to non-programmatic levers should not come at the expense of these core UK priorities, as demonstrably shared by the Government of Tanzania in its Vision 2050.
- **In the absence of significant financial resources, credibility, consistency and technical expertise become essential currencies of influence.** As the UK's financial footprint in Tanzania has declined, its ability to engage and influence now rests more heavily on trusted relationships, neutral and visible technical capability and reliable follow-up. Where these attributes were lacking – particularly in infrastructure – the UK found it more difficult to secure traction with government and development partner counterparts. Without money on the table, the UK must bring clarity of purpose, expertise and responsiveness if it is to remain a valued partner.

## 7. Recommendations

Below we outline the main recommendations developed with BHC Tanzania.

### Strengthening sector, thematic and cross-cutting focus

- Using non-programmatic levers alongside programmatic support has contributed to outcomes on strategic planning, tax reform, infrastructure investment, investment promotion and financial leverage in Tanzania despite constrained resources. As the ODA environment is further restricted, **the UK could continue delivering impacts through focusing on fewer, deeper themes/sectors that reflect its unique value proposition**, such as strategic planning, tax, investment promotion and blended financing instruments.
  - **Clarify and communicate the UK value proposition** (e.g. in sectors of long-term engagement (e.g. strategic planning, tax, Dar port), **or areas of particular expertise** (such as finance) internally and externally.
  - **Identify and build the BHC brand**, reinforcing it through diplomacy, convening of partners and communication, especially with influential Tanzanian stakeholder groups.
  - Be deliberate and realistic, avoiding spreading across too many areas, focusing on areas where the UK can use its levers to **meaningfully unlock capital** (e.g. investment promotion, leveraging finance), **influence government policy** (e.g. strategic planning) and **catalyse reforms**.
- Given the demonstrated risk of side-lining gender, inclusion, conflict-sensitivity, climate and environment – especially as the UK increasingly relies more on non-programmatic levers (e.g. investment) – the UK should take deliberate steps to **ensure cross-cutting commitments are not deprioritised**.

### Strengthening partnership focus

- Long-standing trusted relationships, whether with other organisations (e.g. TMA), suppliers (e.g. ODI and OPM) and alignment with Tanzanian government priorities, were key to effectiveness. There is a need for the BHC Tanzania to continue to help **foster and further institutionalise these relations** with government (e.g. effective MPP engagement, POPI and TRA), the **private sector** (formalisation of the BBG and engagement with the European Chamber of Commerce) **civil society** (e.g. local think tanks), as well as with key **development partners** (e.g., World Bank and like-minded bilateral development partners).
- Prioritise delivering expertise in ways which is most appreciated by the Government of Tanzania – combining short term international expertise with embedded or local national experts.
- Declining ODA further increases the **need for strong, institutionalised partnerships** with government, DFIs and private sector, with much greater clarity of **UK value proposition required**.
- **Prioritise high-value, high-trust partnerships** (e.g. TMA, OPM, ODI and World Bank) which have shown traction.

Collaboration between UK departments and agencies delivered particularly strong infrastructure and investment outcomes. Staff turnover in 2023 and 2024 created perceptions of reduced technical expertise at the BHC. With fewer ODA resources and staff, UK influence now depends on strategic focus, responsiveness, credibility and visibility. Further action is needed to **build on the UK's whole-of-government approach** to ensure it delivers sustained results, also via the MPP.

- Strengthen country-level alignment and delivery **across all HMG departments and entities (e.g., through the MPP)**.
- Promote **joint cross-government planning, delivery and accountability**, also with government, such as through the MPP and JAP.

- Further institutionalise cross-government working at BHC, including **deeper integration of BII, UKEF and PIDG** representatives, such as through the MPP, where feasible.
- Considering the **success of embedded technical assistance** in the port authority and **weaknesses of the fly-in-and-fly-out model** (e.g. HMRC and IGC), **calibrate technical assistance modalities to government needs** and tolerance of international expertise, with emphasis on combining UK expertise with local presence and expertise and long-term capacity-building.
- Promote **deeper collaboration between BHC sections** (e.g. with the politics and governance team) to reinforce diplomacy and local understanding.
- Invest in **locally grounded resources** (e.g. country-based international, local staff and locally based suppliers), with strong contextual knowledge and networks.
- Improve **shared objectives, monitoring and learning**, including the use of country-level scorecards or delivery frameworks, to track HMG-wide contribution to systemic reforms and outcomes.

## **Annexes**

[See separate document]

